

ALLIED PROPERTIES (H.K.) LIMITED
聯合地產（香港）有限公司

(Stock Code 股份代號：56)

2006 Interim Report
二零零六年中期業績報告

Allied Properties (H.K.) Limited
聯合地產（香港）有限公司

Interim Report
中期業績報告

For the six months ended 30th June, 2006
截至二零零六年六月三十日止六個月

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BOARD OF DIRECTORS

Patrick Lee Seng Wei
Chief Executive

Li Chi Kong
Executive Director

Henry Lai Hin Wing
Non-Executive Director

Steven Lee Siu Chung
Non-Executive Director

John Douglas Mackie
Independent Non-Executive Director

Steven Samuel Zoellner
Independent Non-Executive Director

Alan Stephen Jones
Independent Non-Executive Director

EXECUTIVE COMMITTEE

Patrick Lee Seng Wei *Chairman*

Li Chi Kong

REMUNERATION COMMITTEE

Alan Stephen Jones *Chairman*

Henry Lai Hin Wing

John Douglas Mackie

Steven Samuel Zoellner

AUDIT COMMITTEE

Alan Stephen Jones *Chairman*

Henry Lai Hin Wing

John Douglas Mackie

Steven Samuel Zoellner

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

CITIC Ka Wah Bank Limited

Fubon Bank (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

Wing Hang Bank, Limited

REGISTERED OFFICE

22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

董事會

李成偉
行政總裁

李志剛
執行董事

賴顯榮
非執行董事

李兆忠
非執行董事

麥尊德
獨立非執行董事

Steven Samuel Zoellner
獨立非執行董事

Alan Stephen Jones
獨立非執行董事

執行委員會

李成偉 *主席*

李志剛

薪酬委員會

Alan Stephen Jones *主席*

賴顯榮

麥尊德

Steven Samuel Zoellner

審核委員會

Alan Stephen Jones *主席*

賴顯榮

麥尊德

Steven Samuel Zoellner

主要往來銀行

中國銀行(香港)有限公司

中信嘉華銀行有限公司

富邦銀行(香港)有限公司

渣打銀行(香港)有限公司

永亨銀行

註冊辦事處

香港
灣仔
告士打道138號
聯合鹿島大廈
22樓

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

COMPANY SECRETARY

Phoebe Lau Mei Yi

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

Leland Chu & Co.
Fred Kan & Co.
Haldanes
Mallesons Stephen Jaques
P. C. Woo & Co.

STOCK CODE

56

WEBSITE

<http://www.alliedproperties.com.hk>

股份過戶登記處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心
17樓
1712-1716室

公司秘書

劉美儀

核數師

德勤•關黃陳方會計師行

律師

諸立明律師事務所
簡家驄律師行
何敦、麥至理、鮑富律師行
萬盛國際律師事務所
胡百全律師事務所

股份代號

56

網站

<http://www.alliedproperties.com.hk>

for the six months ended 30th June, 2006

The Board of Directors ("Board") of Allied Properties (H.K.) Limited ("Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries ("Group") for the six months ended 30th June, 2006 with the comparative figures for the corresponding period in 2005 are as follows:

截至二零零六年六月三十日止六個月

聯合地產(香港)有限公司(「本公司」)董事會(「董事會」)欣然宣佈，本公司及其附屬公司(「本集團」)截至二零零六年六月三十日止六個月之未經審核綜合業績連同二零零五年同期之比較數字如下：

		Six months ended 30th June,	
		截至六月三十日止六個月	
		2006	2005
		Unaudited	Unaudited
		二零零六年	二零零五年
		未經審核	未經審核
		HK\$'000	HK\$'000
		千港元	千港元
		(Restated)	
		(重列)	
	Notes		
	附註		
Revenue	3	1,061,309	546,795
Other income		99,643	26,282
Total income		1,160,952	573,077
Cost of sales		(396,040)	(101,102)
Brokerage and commission expenses		(114,469)	(70,611)
Selling and marketing expenses		(577)	(405)
Administrative expenses		(224,124)	(162,789)
Profit on deemed disposal of partial interests in a listed subsidiary	4	216,461	-
Changes in values of properties	5	96,618	357,416
Net loss on deemed disposal of listed associates	6	(80,784)	-
Impairment loss recognised in respect of an available-for-sale financial asset	7	(58,203)	-
Bad and doubtful debts written back (provided)		6,178	(6,687)
Other operating expenses		(64,820)	(64,851)
Finance costs		(98,609)	(38,033)
Share of results of associates		71,502	82,238
Share of results of jointly controlled entities		57,914	58,116
Profit before taxation	8	571,999	626,369
Taxation	9	(32,359)	(44,062)
Profit for the period		539,640	582,307
Attributable to			
Equity holders of the Company		498,299	532,825
Minority interests		41,341	49,482
		539,640	582,307
		HK\$	HK\$
		港元	港元
Earnings per share	10		
Basic		0.93	0.99
Diluted		0.93	N/A 不適用

at 30th June, 2006

於二零零六年六月三十日

			At 30th June, 2006 Unaudited 於二零零六年 六月三十日 未經審核 HK\$'000 千港元	At 31st December, 2005 Audited 於二零零五年 十二月三十一日 經審核 HK\$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業	12	2,777,507	2,784,100
Property, plant and equipment	物業、廠房及設備		318,162	209,419
Prepaid land lease payments	預繳地價		285,323	287,367
Intangible assets	無形資產		20,670	22,586
Interests in associates	於聯營公司之權益		2,757,168	2,710,057
Interests in jointly controlled entities	於共同控制企業之權益		923,814	866,394
Available-for-sale financial assets	可供出售金融資產	13	1,445,239	993,139
Statutory deposits	法定按金		88,436	32,831
Loans and receivables	貸款及應收賬款	14	84,142	202,306
Deferred tax assets	遞延稅項資產		4,959	4,143
			8,705,420	8,112,342
Current assets	流動資產			
Properties held for sale and other inventories	待出售物業及其他存貨		502,412	520,950
Financial assets at fair value through profit or loss	透過損益賬按公平價值處理之金融資產	15	328,875	179,204
Prepaid land lease payments	預繳地價		4,310	4,420
Accounts receivable, deposits and prepayments	應收賬款、按金及預付款項	16	2,634,170	2,612,044
Amount due from a fellow subsidiary	一間同系附屬公司欠款		150	–
Amounts due from associates	聯營公司欠款		11,610	7,384
Amount due from a jointly controlled entity	一間共同控制企業欠款		1,126	2,159
Tax recoverable	可收回稅項		3,663	3,842
Short-term pledged bank deposit	短期銀行抵押存款		1,000	972
Bank deposits, bank balances and cash	銀行存款、銀行結存及現金		1,752,255	481,196
			5,239,571	3,812,171
Current liabilities	流動負債			
Accounts payable and accrued charges	應付賬款及應計費用	17	1,332,238	1,031,946
Financial liabilities at fair value through profit or loss	透過損益賬按公平價值處理之金融負債		327	17,756
Amount due to the ultimate holding company	欠最終控股公司款項		9,214	8,183
Amounts due to associates	欠聯營公司款項		72,523	62,828
Amount due to a jointly controlled entity	欠一間共同控制企業款項		109,062	81,063
Tax payable	應付稅項		30,982	13,489
Bank borrowings due within one year	一年內到期之銀行借貸		1,379,722	950,233
Other liabilities due within one year	一年內到期之其他負債		41,390	33,366
			2,975,458	2,198,864
Net current assets	流動資產淨額		2,264,113	1,613,307
Total assets less current liabilities	總資產減流動負債		10,969,533	9,725,649

at 30th June, 2006

於二零零六年六月三十日

		At 30th June, 2006		At 31st December, 2005	
		Unaudited		Audited	
		於二零零六年六月三十日 未經審核		於二零零五年十二月三十一日 經審核	
		HK\$'000		HK\$'000	
		千港元		千港元	
		Notes			
		附註			
Capital and reserves	股本及儲備				
Share capital	股本	18	1,074,303	1,074,303	
Reserves	儲備		6,717,958	5,996,232	
Equity attributable to equity holders of the Company	本公司股東應佔權益		7,792,261	7,070,535	
Minority interests	少數股東權益		2,456,668	1,481,741	
Total equity	權益總額		10,248,929	8,552,276	
Non-current liabilities	非流動負債				
Bank borrowings due after one year	一年後到期之銀行借貸		414,647	875,763	
Loan notes	貸款票據	20	65,437	64,252	
Deferred tax liabilities	遞延稅項負債		237,334	230,615	
Other liabilities due after one year	一年後到期之其他負債		3,186	2,743	
			720,604	1,173,373	
			10,969,533	9,725,649	

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

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for the six months ended 30th June, 2006

截至二零零六年六月三十日止六個月

		Attributable to equity holders of the Company 本公司股東應佔										
		Share capital	Share premium	Investment revaluation reserve	Capital redemption reserve	Translation reserve	Capital reserve	Accumulated profits	Dividend reserve	Total	Minority interests	Total equity
		股本	股份溢價	投資重估儲備	資本贖回儲備	匯兌儲備	資本儲備	累計溢利	股息儲備	總計	少數股東權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1st January, 2005	於二零零五年一月一日	1,074,303	516,644	245,487	72,044	(109,984)	2,810	4,062,356	26,858	5,890,518	1,319,438	7,209,956
Gain on fair value changes of available-for-sale financial assets	可供出售金融資產公平價值變動之收益	-	-	86,795	-	-	-	-	-	86,795	28,947	115,742
Deferred tax arising on revaluation of assets	重估資產產生之遞延稅項	-	-	74	-	-	-	-	-	74	13	87
Exchange differences arising on translation of operations outside Hong Kong	折算香港以外地區業務賬項而產生之匯兌差額	-	-	-	-	(283)	-	-	-	(283)	(26)	(309)
Share of post-acquisition reserve movements of associates	應佔聯營公司收購後儲備變動	-	-	(4,318)	-	-	2,844	-	-	(1,474)	(491)	(1,965)
Share of post-acquisition reserve movements of jointly controlled entities	應佔共同控制企業收購後儲備變動	-	-	-	-	(521)	-	-	-	(521)	-	(521)
Net income and expenses recognised directly in equity	直接於權益中確認之收入及開支淨額	-	-	82,551	-	(804)	2,844	-	-	84,591	28,443	113,034
Profit attributable to equity holders	股東應佔溢利	-	-	-	-	-	-	532,825	-	532,825	49,482	582,307
Released on disposal of available-for-sale financial assets	於出售可供出售金融資產時轉撥	-	-	(2,172)	-	-	-	-	-	(2,172)	(726)	(2,898)
Released on disposal of jointly controlled entities	於出售一間共同控制企業時轉撥	-	-	-	-	(8)	-	-	-	(8)	(2)	(10)
Total recognised income and expenses for the period	期內已確認之收入及開支總額	-	-	80,379	-	(812)	2,844	532,825	-	615,236	77,197	692,433
Transferred from accumulated profits to capital reserve	轉撥自累計溢利至資本儲備	-	-	-	-	-	235	(235)	-	-	-	-
2004 final dividend paid	已付二零零四年末期股息	-	-	-	-	-	-	-	(26,858)	(26,858)	-	(26,858)
Dividend distribution to minority interests	分派予少數股東權益之股息	-	-	-	-	-	-	-	-	-	(20,440)	(20,440)
At 30th June, 2005	於二零零五年六月三十日	1,074,303	516,644	325,866	72,044	(110,796)	5,889	4,594,946	-	6,478,896	1,376,195	7,855,091

Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動表 (續)

(Cont'd)

for the six months ended 30th June, 2006

截至二零零六年六月三十日止六個月

		Attributable to equity holders of the Company 本公司股東應佔										
		Share capital	Share premium	Investment reserve	Capital redemption reserve	Translation reserve	Capital reserve	Accumulated profits	Dividend reserve	Total	Minority interests	Total equity
		股本	股份溢價	投資重估儲備	資本贖回儲備	匯兌儲備	資本儲備	累計溢利	股息儲備	總計	少數股東權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1st January, 2006	於二零零六年一月一日	1,074,303	516,644	490,639	72,044	(86,753)	4,827	4,945,116	53,715	7,070,535	1,481,741	8,552,276
Gain on fair value changes of available for-sale financial assets	可供出售金融資產公平價值變動之收益	-	-	317,556	-	-	-	-	-	317,556	144,916	462,472
Deferred tax arising on revaluation of assets	重估資產產生之遞延稅項	-	-	(43)	-	101	-	-	-	58	37	95
Exchange differences arising on translation of operations outside Hong Kong	折算香港以外地區業務賬項而產生之匯兌差額	-	-	-	-	441	-	-	-	441	38	479
Share of post-acquisition reserve movements of associates	應佔聯營公司收購後儲備變動	-	-	444	-	8,613	10	-	-	9,067	5,852	14,919
Share of post-acquisition reserve movements of jointly controlled entities	應佔共同控制企業收購後儲備變動	-	-	(53)	-	(477)	-	-	-	(530)	-	(530)
Net income and expenses recognised directly in equity	直接於權益中確認之收入及開支淨額	-	-	317,904	-	8,678	10	-	-	326,592	150,843	477,435
Profit attributable to equity holders	股東應佔溢利	-	-	-	-	-	-	498,299	-	498,299	41,341	539,640
Released on disposal of available-for-sale financial assets	於出售可供出售金融資產時轉撥	-	-	(42,882)	-	-	-	-	-	(42,882)	(14,301)	(57,183)
Increase on deemed disposal of a subsidiary	視作為出售一間附屬公司時增加	-	-	-	-	-	-	-	-	-	24	24
Released on deemed disposal of associates	視作為出售聯營公司時轉撥	-	-	(374)	-	(3,549)	(2,645)	-	-	(6,568)	(4,124)	(10,692)
Total recognised income and expenses for the period	期內已確認之收入及開支總額	-	-	274,648	-	5,129	(2,635)	498,299	-	775,441	173,783	949,224
Increase in minority interests due to placing of shares of a subsidiary	因一間附屬公司配售股份令少數股東權益增加	-	-	-	-	-	-	-	-	-	830,982	830,982
Transferred from capital reserve to accumulated profits	轉撥自資本儲備至累計溢利	-	-	-	-	-	(20)	20	-	-	-	-
2005 final dividend paid	已付二零零五年末期股息	-	-	-	-	-	-	-	(53,715)	(53,715)	-	(53,715)
Dividend distribution to minority interests	分派予少數股東權益之股息	-	-	-	-	-	-	-	-	-	(29,838)	(29,838)
At 30th June, 2006	於二零零六年六月三十日	1,074,303	516,644	765,287	72,044	(81,624)	2,172	5,443,435	-	7,792,261	2,456,668	10,248,929

Condensed Consolidated Cash Flow Statement 簡明綜合現金流量表

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for the six months ended 30th June, 2006

截至二零零六年六月三十日止六個月

		Six months ended 30th June, 截至六月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net cash from (used in) operating activities	經營業務所產生(所用)現金淨額	192,887	(2,737)
Investing activities	投資業務		
Net proceeds from placing of share of a subsidiary	配售一間附屬公司之股份所得款項淨額	1,152,005	-
Proceeds on disposal of available-for-sale financial assets	出售可供出售金融資產所得款項	117,504	35,650
Dividend received from associates	來自聯營公司之股息	9,770	966
Payment received (made) for net amount due from associates	就應收聯營公司款項淨額之已收(作出)款項	9,621	(35,346)
Amount repaid by a jointly controlled entity	一間共同控制企業償還之款項	2,470	1,002
Proceeds on disposal of an investment property	出售投資物業所得款項	1,400	-
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	306	124
Net payment (made) received for statutory deposits	就法定按金(作出)已收款項淨額	(55,605)	2,113
Acquisition of associates	收購聯營公司	(52,546)	(5,276)
Purchase of property, plant and equipment	購入物業、廠房及設備	(11,616)	(10,666)
Amount advanced to associates	墊款予聯營公司	(5,227)	-
Amount advanced to a jointly controlled entity	墊款予一間共同控制企業	(1,437)	-
Addition to intangible assets	添置無形資產	(1,095)	(2,850)
Addition to investment properties	添置投資物業	(245)	-
(Decrease) increase in pledged bank deposit	銀行抵押存款(減少)增加	(28)	61
Payment received for net amount due from investee companies	就應收所投資公司款項淨額之已收款項	-	3,603
Acquisition of subsidiaries	收購附屬公司	-	(62,416)
Purchase of available-for-sale financial assets	購入可供出售金融資產	-	(705)
Net cash from (used in) investing activities	投資業務所產生(所用)現金淨額	1,165,277	(73,740)

for the six months ended 30th June, 2006

截至二零零六年六月三十日止六個月

		Six months ended 30th June, 截至六月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Financing activities	融資業務		
New bank loans raised	籌集所得新造銀行貸款	38,534	321,000
Amount advanced from a jointly controlled entity	一間共同控制企業墊款	28,000	-
Amount advanced from associates	聯營公司墊款	100	153
Proceeds from issue of shares by a subsidiary	一間附屬公司發行股份之所得款項	63	-
Dividend paid	已付股息	(53,715)	-
Repayment of bank loans	償還銀行貸款	(37,094)	(126,160)
Dividend paid by a subsidiary to minority interests	一間附屬公司向少數股東權益派付股息	(29,593)	(18,690)
Net distribution to minority interests	予少數股東權益之分派淨額	(302)	-
Amount repaid to associates	償還聯營公司款項	(167)	-
Repurchase of loan notes	購回貸款票據	-	(60,000)
Net cash (used in) from financing activities	融資業務(所用)所產生現金淨額	(54,174)	116,303
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	1,303,990	39,826
Effect of foreign exchange rate changes	匯率變動之影響	139	9
Cash and cash equivalents at the beginning of the period	於期初之現金及現金等價物	398,156	540,349
Cash and cash equivalents at the end of the period	於期終之現金及現金等價物	1,702,285	580,184
Analysis of the balances of cash and cash equivalents	現金及現金等價物結存之分析		
Bank deposits, bank balances and cash	銀行存款、銀行結存及現金	1,752,255	714,923
Bank overdrafts	銀行透支	(49,970)	(134,739)
		1,702,285	580,184

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1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31st December, 2005.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group for the current or prior accounting periods are prepared and presented.

Potential impact arising on the new accounting standards not yet effective

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective and are pertinent to the operation of the Group. The directors of the Company (“Directors”) anticipate that the application of these new standard, amendment and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – Int 8	Scope of HKFRS 2 ³
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁴

¹ Effective for annual periods beginning on or after 1st January, 2007.

² Effective for annual periods beginning on or after 1st March, 2006.

³ Effective for annual periods beginning on or after 1st May, 2006.

⁴ Effective for annual periods beginning on or after 1st June, 2006.

1. 編製基準

此簡明綜合財務報表乃按香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十六所載之適用披露規定及香港會計師公會（「會計師公會」）頒佈之香港會計準則（「會計準則」）第34號「中期財務報告」編製。

2. 主要會計政策

除若干物業及金融工具按適用情況以公平價值計量外，本簡明綜合財務報表是按歷史成本常規為基礎編製。

本簡明綜合財務報表使用之會計政策乃與本集團截至二零零五年十二月三十一日止年度之年度財務報表所依循者相符一致。

於本期間，本集團首次採用會計師公會所頒佈對於二零零五年十二月一日或二零零六年一月一日或其後開始之會計期間生效之多項新制定準則、修訂及詮釋（以下統稱「新財務報告準則」）。採納該等新財務報告準則對本集團於本期或過往會計期間之經營業績及財務狀況編製及呈列並無重大影響。

尚未生效之新會計準則產生之潛在影響

本集團並無提早應用下列已頒佈但未生效而對本集團之業務適用之新制定準則、修訂及詮釋。本公司董事（「董事」）預測，應用該等新制定準則、修訂及詮釋將不會對本集團之業績及財務狀況造成重大影響。

會計準則第1號 (修訂本)	財務報表之呈列： 資本披露 ¹
財務報告準則第7號 香港（國際財務報告 準則）－詮釋第7號	金融工具：披露 ¹ 應用會計準則第29號 惡性通貨膨脹經濟 中的財務報告之 重列法 ²
香港（國際財務報告 準則）－詮釋第8號	財務報告準則第2號 之範圍 ³
香港（國際財務報告 準則）－詮釋第9號	重估嵌入式衍生工具 ⁴

¹ 於二零零七年一月一日或之後開始之年度期間生效。

² 於二零零六年三月一日或之後開始之年度期間生效。

³ 於二零零六年五月一日或之後開始之年度期間生效。

⁴ 於二零零六年六月一日或之後開始之年度期間生效。

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3. SEGMENTAL INFORMATION

Analysis of the Group's business segmental information is as follows:

3. 分部資料

本集團之業務分部資料分析如下：

		Six months ended 30th June, 2006 截至二零零六年六月三十日止六個月			
		Investment, broking and finance 投資、經紀 及金融 HK\$'000 千港元	Property rental, hotel operations and management services 物業租賃、 酒店業務 及管理服務 HK\$'000 千港元	Sale of properties and property based investments 出售物業 及與物業 有關之投資 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Revenue	收益	986,034	88,974	-	1,075,008
Less: inter-segment revenue	減：分部間之收益	(10,900)	(2,799)	-	(13,699)
		975,134	86,175	-	1,061,309
Segment results	分部業績	273,899	152,307	(20,691)	405,515
Profit on deemed disposal of partial interests in a listed subsidiary	視作為出售一間 上市附屬公司部份 權益之溢利				216,461
Net loss on deemed disposal of listed associates	視作為出售 上市聯營公司 之虧損淨額				(80,784)
Finance costs	融資成本				(98,609)
Share of results of associates	應佔聯營公司業績				71,502
Share of results of jointly controlled entities	應佔共同控制 企業業績	(18)	57,932	-	57,914
Profit before taxation	除稅前溢利				571,999
Taxation	稅項				(32,359)
Profit for the period	本期間溢利				539,640

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3. SEGMENTAL INFORMATION (CONT'D)**3. 分部資料(續)**

		Six months ended 30th June, 2005 截至二零零五年六月三十日止六個月			
		Investment, broking and finance 投資、經紀 及金融	Property rental, hotel operations and management services 物業租賃、 酒店業務 及管理服務	Sale of properties and property based investments 出售物業 及與物業 有關之投資	Total
		HK\$'000 千港元 (Restated) (重列)	HK\$'000 千港元 (Restated) (重列)	HK\$'000 千港元 (Restated) (重列)	HK\$'000 千港元 (Restated) (重列)
Revenue	收益	468,583	86,344	–	554,927
Less: inter-segment revenue	減：分部間之收益	(6,682)	(1,450)	–	(8,132)
		461,901	84,894	–	546,795
Segment results	分部業績	130,237	370,867	22,944	524,048
Finance costs	融資成本				(38,033)
Share of results of associates	應佔聯營公司業績				82,238
Share of results of jointly controlled entities	應佔共同控制企業業績	2	58,114	–	58,116
Profit before taxation	除稅前溢利				626,369
Taxation	稅項				(44,062)
Profit for the period	本期間溢利				582,307

Inter-segment transactions have been entered into on terms agreed by the parties concerned.

分部間之交易乃按有關訂約各方所議定之條款訂立。

During the period under review, less than 10% of the operations of the Group in terms of both revenue and segment results were carried on outside Hong Kong. Accordingly, no geographical segmental information is shown.

於回顧期內，本集團在香港以外地區之收益及分部業績兩方面之比重均少於10%，因此並無呈列按地區分部資料。

4. PROFIT ON DEEMED DISPOSAL OF PARTIAL INTERESTS IN A LISTED SUBSIDIARY**4. 視作為出售一間上市附屬公司部份權益之溢利**

The Company, through its subsidiary, had completed share placing of 169,000,000 shares ("1st Share Placing") and 79,000,000 shares ("2nd Share Placing") of Sun Hung Kai & Co. Limited ("Sun Hung Kai"), a listed subsidiary, on 22nd May, 2006 and 10th August, 2006 respectively. The top-up subscription of 248,000,000 new shares of Sun Hung Kai was completed on 10th August, 2006. The shareholdings in Sun Hung Kai before the 1st Share Placing and after the top-up subscription were 74.99% and 62.54% respectively. The total profit arising from the deemed disposal of partial interest in Sun Hung Kai arising from the placing and top-up subscription of 248,000,000 shares of Sun Hung Kai was estimated to be approximately HK\$300,847,000. The profit on deemed disposal attributable to the top-up effect of the 1st Share Placing, amounting to HK\$216,461,000, was recognised in the income statement for the current period accordingly.

本公司透過其附屬公司於二零零六年五月二十二日及二零零六年八月十日分別完成其上市附屬公司新鴻基有限公司(「新鴻基」)169,000,000股(「第一次股份配售」)和79,000,000股(「第二次股份配售」)之股份配售。以先舊後新方式認購248,000,000股新鴻基新股於二零零六年八月十日完成。於第一次股份配售前及於先舊後新方式認購完成後本公司於新鴻基之持股權，分別為74.99%及62.54%。來自配售及先舊後新方式認購248,000,000股新鴻基股份所產生之視作為出售新鴻基部份權益之總溢利估計約為300,847,000港元。計入第一次股份配售之先舊後新配售效應所產生之視作出售溢利為216,461,000港元，據此已於本期間之收益賬確認。

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5. CHANGES IN VALUES OF PROPERTIES**5. 物業價值變動**

		Six months ended 30th June, 截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
		(Restated)	
		(重列)	
Changes in values of properties comprise:	物業價值變動包括：		
Increase in fair value of investment properties	投資物業之公平價值 增加	113,671	327,638
(Write-down) reversal of write-down of properties held or sale	(撇減)撥回待出售物業 之撇減	(18,700)	24,925
Reversal of impairment loss of hotel property	撥回酒店物業之減值 虧損	1,647	4,853
		<u>96,618</u>	<u>357,416</u>

6. NET LOSS ON DEEMED DISPOSAL OF LISTED ASSOCIATES**6. 視作為出售上市聯營公司之虧損淨額**

		Six months ended 30th June, 截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Net loss on deemed disposal of listed associates arises from the following:	視作為出售上市聯營公司 之虧損淨額來自：		
(a) – Exercise of unlisted warrants of a listed associate conferring rights to subscribe for up to 78,800,000 new shares by a subscriber	(a) 一名認購人行使一間上市聯營公司之 非上市認股權證，其賦予認購 最多78,800,000股 新股份之 權利	67,905	–
– Share placing and top-up subscription of shares of the listed associate in April 2006	– 於二零零六年四月以先舊後 新方式配售及認購 上市聯營公司股份	12,965	–
(b) Exercise of warrants and share options by another listed associate	(b) 另外一間上市聯營公司的 認股權證及認股權 被行使	(86)	–
		<u>80,784</u>	<u>–</u>

7. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF AN AVAILABLE-FOR-SALE FINANCIAL ASSET**7. 就可供出售金融資產確認之減值虧損**

It represents the impairment loss of HK\$58,203,000 (2005: Nil) provided by the Group relating to the Group's 12.5% interest in a Kuala Lumpur hotels project after the Court of Final Appeal delivered its decision, dismissing the Group's final appeal. The details of the litigation have been disclosed in the contingent liabilities of the 2005 annual report of the Company.

此項指本集團於終審法院判決本集團提出之最終上訴後，就本集團於吉隆坡一酒店項目之12.5%權益提撥之減值虧損58,203,000港元(二零零五年：無)。訴訟詳情已於本公司二零零五年年報之或然負債部份內披露。

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8. PROFIT BEFORE TAXATION**8. 除稅前溢利**

		Six months ended 30th June, 截至六月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (重列)
Profit before taxation has been arrived at after charging:	除稅前溢利已扣除：		
Amortisation of intangible assets	無形資產攤銷	1,946	1,686
Amortisation of prepaid land lease payments	預繳地價攤銷	2,154	2,192
Depreciation	折舊	10,726	12,416
Net unrealised loss on derivatives	衍生產品之未變現虧損淨額	-	1,358
Net unrealised loss on financial assets at fair value through profit or loss	透過損益賬按公平價值處理之金融資產之未變現虧損淨額	-	1,780
and after crediting:	並已計入：		
Dividend income from investments in listed equity securities	上市股本證券投資之股息收入	8,952	8,543
Dividend income from investments in unlisted equity securities	非上市股本證券投資之股息收入	3,332	17,733
Excess of net fair value over consideration arising from acquisition of an associate (included in other income)	因收購一間聯營公司產生公平價值淨額高於代價之差額(包括在其他收入內)	9,011	-
Interest income	利息收入	139,304	74,019
Net profit on dealing in leveraged foreign currencies	槓桿外匯交易溢利淨額	4,131	2,817
Net profit on disposal of available-for-sale financial assets (included in other income)	出售可供出售金融資產溢利淨額(包括在其他收入內)	68,604	2,951
Net profit on other dealing activities	其他買賣活動之溢利淨額	17,725	2,306
Net realised profit on derivatives	衍生產品之已變現溢利淨額	9,508	10,635
Net realised profit on financial assets at fair value through profit or loss	透過損益賬按公平價值處理之金融資產之已變現溢利淨額	11,271	1,970
Net unrealised profit on derivatives (included in other income)	衍生產品之未變現溢利淨額(包括在其他收入內)	6,406	-
Net unrealised profit on financial assets at fair value through profit or loss (included in other income)	透過損益賬按公平價值處理之金融資產之未變現溢利淨額(包括在其他收入內)	7,405	-
Refund of interest expenses in respect of litigation related to Kuala Lumpur hotels project pursuant to Court of Appeal Judgment	根據上訴法庭裁決就吉隆坡一酒店項目之訴訟之利息支出退回	-	14,011
		—	14,011

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9. TAXATION**9. 稅項**

		Six months ended 30th June, 截至六月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (重列)
The charge comprises:	稅項支出包括：		
Current tax:	本期稅項：		
Hong Kong	香港	25,795	12,282
Outside Hong Kong	香港以外地區	553	209
		26,348	12,491
Deferred tax	遞延稅項	6,011	31,571
		32,359	44,062

Hong Kong Profits Tax is calculated at the rate of 17.5% on the estimated assessable profits for both periods.

兩段期間之香港利得稅均以期內之估計應課稅溢利按稅率17.5%計算。

Taxation outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions.

香港以外地區稅項按有關司法地區之現行稅率計算。

10. EARNINGS PER SHARE**10. 每股盈利**

The calculation of basic and diluted earnings per share attributable to the equity holders of the Company is based on the following:

本公司股東應佔每股基本及攤薄盈利乃按以下各項計算：

		Six months ended 30th June, 截至六月三十日止六個月	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (Restated) (重列)
Earnings	盈利		
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	用以計算每股基本盈利之盈利 (本公司股東應佔期內溢利)	498,299	532,825
Effect of dilutive potential ordinary shares:	普通股之潛在攤薄效應：		
Adjustments to earnings in respect of the effect of dilutive potential ordinary shares arising from warrants of a subsidiary	就一間附屬公司之認股權證所產生之普通股潛在攤薄效應對盈利作出之調整	(41)	-
Adjustments to the share of results of associates based on dilution of their earnings per share	按聯營公司每股盈利之攤薄對應佔聯營公司業績作出之調整	(898)	-
Earnings for the purposes of diluted earnings per share	用以計算每股攤薄盈利之盈利	497,360	532,825
		'000 千股	'000 千股
Number of shares	股份數目		
Weighted average number of shares for the purpose of basic and diluted earnings per share	用以計算每股基本及攤薄盈利之股份加權平均數	537,152	537,152

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11. DIVIDEND

The Board does not recommend the declaration of an interim dividend (2005: Nil).

During the six months ended 30th June, 2006 and 2005, the Company paid dividends of HK\$53,715,000 and HK\$26,858,000, representing HK10 cents per share and HK5 cents per share, in respect of the final dividends of 2005 and 2004 respectively.

12. INVESTMENT PROPERTIES

Valuation	估值	HK\$'000 千港元
At 1st January, 2005	於二零零五年一月一日	2,215,668
Additions	增加	2,605
Acquisition of subsidiaries	收購附屬公司	39,362
Disposal	出售	(12,600)
Transferred from properties held for sale	轉撥自待出售物業	47,160
Transferred to property, plant and equipment and prepaid land lease payments	轉撥至物業、廠房及設備以及預繳地價	(17,531)
Overprovision of construction costs	建築成本超額撥備	(12,814)
Increase in fair value during the year	年內公平價值增加	522,250
At 31st December, 2005	於二零零五年十二月三十一日	2,784,100
Additions	增加	245
Transferred to property, plant and equipment	轉撥至物業、廠房及設備	(106,509)
Disposal	出售	(14,000)
Increase in fair value for the period	期內公平價值增加	113,671
At 30th June, 2006	於二零零六年六月三十日	<u>2,777,507</u>

The fair value of the Group's investment properties at 30th June, 2006 has been arrived at on the basis of a valuation carried out at that date by Norton Appraisals Limited, independent valuers not connected with the Group.

11. 股息

董事會不建議宣派中期股息(二零零五年: 無)。

截至二零零六年及二零零五年六月三十日止六個月,本公司已分別就二零零五年及二零零四年末期股息派付53,715,000港元及26,858,000港元之股息,分別等同於每股10港仙及每股5港仙。

12. 投資物業

Valuation	估值	HK\$'000 千港元
At 1st January, 2005	於二零零五年一月一日	2,215,668
Additions	增加	2,605
Acquisition of subsidiaries	收購附屬公司	39,362
Disposal	出售	(12,600)
Transferred from properties held for sale	轉撥自待出售物業	47,160
Transferred to property, plant and equipment and prepaid land lease payments	轉撥至物業、廠房及設備以及預繳地價	(17,531)
Overprovision of construction costs	建築成本超額撥備	(12,814)
Increase in fair value during the year	年內公平價值增加	522,250
At 31st December, 2005	於二零零五年十二月三十一日	2,784,100
Additions	增加	245
Transferred to property, plant and equipment	轉撥至物業、廠房及設備	(106,509)
Disposal	出售	(14,000)
Increase in fair value for the period	期內公平價值增加	113,671
At 30th June, 2006	於二零零六年六月三十日	<u>2,777,507</u>

本集團投資物業於二零零六年六月三十日之公平價值已根據由與本集團概無關聯之獨立估值師普敦國際評估有限公司於當日進行之估值達致。

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截至二零零六年六月三十日止六個月

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS**13. 可供出售金融資產**

		At 30th June, 2006 於二零零六年 六月三十日 HK\$'000 千港元	At 31st December, 2005 於二零零五年 十二月三十一日 HK\$'000 千港元
Listed equity securities, at market value, issued by corporate entities	由企業實體發行之 上市股本證券，按市值		
	Hong Kong	657,986	530,543
	Outside Hong Kong	6,872	4,444
		664,858	534,987
Unlisted equity securities, at fair value, issued by corporate entities	由企業實體發行之 非上市股本證券，按公平價值		
	Hong Kong (note)	633,501	399,901
	Outside Hong Kong	146,880	58,251
		780,381	458,152
		1,445,239	993,139

Note: The amount includes the Group's interest in a fellow subsidiary of HK\$633,500,000 (at 31st December, 2005: HK\$399,900,000).

附註：該款項包括本集團於一間同系附屬公司之權益633,500,000港元(於二零零五年十二月三十一日：399,900,000港元)。

14. LOANS AND RECEIVABLES**14. 貸款及應收賬款**

		At 30th June, 2006 於二零零六年 六月三十日 HK\$'000 千港元	At 31st December, 2005 於二零零五年 十二月三十一日 HK\$'000 千港元
Loan note of a listed associate Amounts due from investee companies (note)	一間上市聯營公司之貸款票據 所投資公司	78,000	78,000
	Others	6,663	124,687
	其他	926	1,066
		85,589	203,753
Less: Impairment	減：減值	(1,447)	(1,447)
		84,142	202,306

Note: A sum totalling HK\$118,003,000 for the interest in the Kuala Lumpur hotels project was derecognised and then recognised as an available-for-sale financial asset after the Court of Final Appeal delivered its decision, dismissing the Group's final appeal.

附註：於吉隆坡酒店項目合共為118,003,000港元之權益已取消確認，並於終審法院作出駁回本集團之最終上訴的決定後確認為可供出售金融資產。

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15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**15. 透過損益賬按公平價值處理之金融資產**

		At 30th June, 2006 於二零零六年 六月三十日 HK\$'000 千港元	At 31st December, 2005 於二零零五年 十二月三十一日 HK\$'000 千港元
Financial assets held for trading	持作買賣金融資產		
Listed equity securities, at market value issued by corporate entities	上市股本證券，按市值 由企業實體發行		
Hong Kong	香港	37,064	32,396
Outside Hong Kong	香港以外地區	2,080	2,534
issued by banks	由銀行發行		
Hong Kong	香港	60,091	20,654
Outside Hong Kong	香港以外地區	-	87
issued by public utility entities	由公營機構發行		
Hong Kong	香港	33	33
		99,268	55,704
Unlisted equity securities, at fair value issued by corporate entities outside Hong Kong	由香港以外地區企業實體發行之 非上市股本證券， 按公平價值	219,772	119,514
Warrants and options listed in Hong Kong, at fair value	於香港上市之認股權證及認購權， 按公平價值	9,267	3,508
Others	其他	568	478
		328,875	179,204

16. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS**16. 應收賬款、按金及預付款項**

Included in accounts receivable, deposits and prepayments are trade receivables totalling HK\$1,094,242,000 (at 31st December, 2005: HK\$1,181,355,000), the aged analysis of which is as follows:

計入應收賬款、按金及預付款項內之款額為應收貿易賬款總額共1,094,242,000港元(於二零零五年十二月三十一日：1,181,355,000港元)，其賬齡分析如下：

		At 30th June, 2006 於二零零六年 六月三十日 HK\$'000 千港元	At 31st December, 2005 於二零零五年 十二月三十一日 HK\$'000 千港元
0 to 30 days	零至30日	1,049,429	1,155,721
31 to 180 days	31至180日	13,089	16,849
181 to 365 days	181至365日	1,771	778
over 365 days	365日以上	173,237	167,080
		1,237,526	1,340,428
Allowance for doubtful debts	呆賬撥備	(143,284)	(159,073)
		1,094,242	1,181,355

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截至二零零六年六月三十日止六個月

**16. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS
(CONT'D)**

No ageing analysis on margin clients' receivables is disclosed as, in the opinion of the Directors, an ageing analysis is not meaningful in view of the nature of the business of securities margin financing.

The maturity profile of term loans is disclosed in note 26.

There were listed and unlisted securities and properties of clients held as collateral against secured margin loans and term loans. The fair value of the listed securities at 30th June, 2006 was HK\$8,205,080,000 (at 31st December, 2005: HK\$6,272,527,000).

17. ACCOUNTS PAYABLE AND ACCRUED CHARGES

Included in accounts payable and accrued charges are trade payables of HK\$888,220,000 (at 31st December, 2005: HK\$848,151,000), the aged analysis of which is as follows:

		At 30th June, 2006 於二零零六年 六月三十日 HK\$'000 千港元	At 31st December, 2005 於二零零五年 十二月三十一日 HK\$'000 千港元
0 to 30 days	零至 30 日	838,717	820,787
31 to 180 days	31 至 180 日	19,797	4,336
181 to 365 days	181 至 365 日	866	508
Over 365 days	365 日以上	28,840	22,520
		888,220	848,151

18. SHARE CAPITAL**18. 股本**

		Number of shares 股份數目	Value 價值 HK\$'000 千港元
Ordinary shares of HK\$2 each	每股面值 2 港元之普通股		
<i>Authorised:</i>	<i>法定股本：</i>		
At 31st December, 2005 and 30th June, 2006	於二零零五年十二月三十一日及 二零零六年六月三十日	3,000,000,000	6,000,000
<i>Issued and fully paid:</i>	<i>已發行及繳足股本：</i>		
At 31st December, 2005 and 30th June, 2006	於二零零五年十二月三十一日及 二零零六年六月三十日	537,151,901	1,074,303

16. 應收賬款、按金及預付款項(續)

由於董事鑒於證券孖展融資之業務性質，認為應收孖展客戶款項之賬齡分析並無意義，故並無披露有關賬齡分析。

有期貸款之到期詳情於附註第26項披露。

本集團持有客戶之上市證券、非上市證券及物業，作為客戶取得有抵押孖展貸款及有期貸款之抵押品。上市證券於二零零六年六月三十日之公平價值為8,205,080,000港元(於二零零五年十二月三十一日：6,272,527,000港元)。

17. 應付賬款及應計費用

計入應付賬款及應計費用內之款額為應付貿易賬款總額共888,220,000港元(於二零零五年十二月三十一日：848,151,000港元)，其賬齡分析如下：

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19. WARRANTS

A bonus issue of warrants on the basis of one warrant for every five shares held was proposed by the Board on 12th April, 2006. The condition of the issue of the bonus warrants was fulfilled on 29th May, 2006 and 107,430,380 warrants were issued on 5th June, 2006.

The warrant holders are entitled to subscribe in cash for one fully paid share at an initial subscription price of HK\$10.00 per share, subject to adjustment, at any time from 7th June, 2006 to 6th June, 2009 (both days inclusive). During the period, there were no conversions of the warrants. 107,430,380 warrants were outstanding at 30th June, 2006.

20. LOAN NOTES

The amount represents the loan notes issued in part consideration of the repurchase of shares by a listed subsidiary, Sun Hung Kai. The loan notes bear interest at 4% per annum and are due on 7th March, 2008. The effective interest rate is 7.9% per annum.

21. CONTINGENT LIABILITIES

(a) At 30th June, 2006, the Group had guarantees as follows:

Indemnities on banking guarantees made available to a clearing house and regulatory body	就一間結算所及監管機構所獲銀行擔保作出賠償擔保	5,540	5,540
Other guarantees	其他擔保	8,152	7,084
		13,692	12,624

19. 認股權證

於二零零六年四月十二日，董事會建議以紅股方式發行認股權證，基準為每持有五股股份可獲發一份認股權證。以紅股方式發行認股權證之條件已於二零零六年五月二十九日達成，並於二零零六年六月五日發行107,430,380份認股權證。

認股權證持有人有權於二零零六年六月七日至二零零九年六月六日(首尾兩日包括在內)隨時以現金按初步認購價每股10.00港元(可予調整)認購一股繳足股款股份。期內，概無認股權證獲轉換。於二零零六年六月三十日，107,430,380份認股權證尚未行使。

20. 貸款票據

該等金額乃發行作為一間上市附屬公司新鴻基購回股份之部分代價之貸款票據。該等貸款票據按年息4%計息及於二零零八年三月七日到期。實際年利率為7.9%。

21. 或然負債

(a) 於二零零六年六月三十日，本集團作出之擔保如下：

At 30th June, 2006		At 31st December, 2005	
於二零零六年六月三十日		於二零零五年十二月三十一日	
HK\$'000		HK\$'000	
千港元		千港元	
Indemnities on banking guarantees made available to a clearing house and regulatory body	5,540	5,540	5,540
Other guarantees	8,152	7,084	7,084
	13,692	12,624	12,624

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21. CONTINGENT LIABILITIES (CONT'D)

- (b) On 4th February, 2004, Sun Tai Cheung Credits Limited ("STCC") and Sun Hung Kai Investment Services Limited ("SHKIS"), both indirect wholly-owned subsidiaries of Sun Hung Kai, were served with a writ attaching statement of claim ("200/2004") by Shanghai Finance Holdings Limited ("SFHL"), claiming, inter alia, that the sale of shares in Shun Loong Holdings Limited ("SLHL") ("Shun Loong Shares") by STCC as assignee to SHKIS (for a consideration of HK\$36,500,000 subject to additional amounts in a total sum not exceeding HK\$15,700,000 which might have been payable one year from the date of completion under certain conditions) pursuant to a sale and purchase agreement dated 25th June, 2003 be set aside, or alternatively, against STCC for damages and an account as to the amount received by STCC in respect of the Shun Loong Shares. The writ is being vigorously defended. STCC and SHKIS were properly advised at all times during the transaction and believe that the claim is not soundly based and have applied to have the claim struck-out. The proceedings have been stayed until further order by the court.
- (c) In June 2006, Sun Hung Kai received notice of a 2001 order made by the Hubei Province Higher Peoples Court in China freezing US\$3 million of funds of Sun Hung Kai Securities Limited ("SHKS") (or assets of equivalent value), a direct wholly-owned subsidiary of Sun Hung Kai, pursuant to which SHKS's shares in Chang Zhou Power Development Company Limited in China ("Shares") (worth US\$3 million) were subsequently frozen. SHKS had sold the Shares in 1998. Pursuant to a further agreement in 2001, SHKS received indemnities and waivers as to any potential liability. Sun Hung Kai will further investigate the matter but at this stage it does not consider that it is appropriate to make any provision in the circumstances. It will make a final decision once its investigation has been completed.

22. CAPITAL COMMITMENTS**21. 或然負債(續)**

- (b) 於二零零四年二月四日，Shanghai Finance Holdings Limited (「SFHL」) 向同為新鴻基之間接全資附屬公司新泰昌授信有限公司 (「新泰昌授信」) 及新鴻基投資服務有限公司 (「新鴻基投資」) 發出附有申索陳述書之令狀 (「200/2004」)，要求 (其中包括) 撤銷新泰昌授信 (作為新鴻基投資之受讓人) 根據日期為二零零三年六月二十五日之買賣協議向新鴻基投資所出售順隆集團有限公司 (「順隆集團」) 之股份 (「順隆股份」) (作價36,500,000港元，在若干條件規限下，將會於完成日期一年後額外支付不超過15,700,000港元之款項)，或要求新泰昌授信給予損害賠償以及申索新泰昌授信就順隆股份所獲取之金額。此項索償正被極力否定。新泰昌授信及新鴻基投資在交易期間一直按適當建議行事，並相信有關索償理據不足，並已申請剔除此宗索償。有關司法程序現正暫停辦理，直至法院另行頒令為止。
- (c) 二零零六年六月，新鴻基接獲中國湖北省高級人民法院發出之2001年命令通知，判令凍結新鴻基之直接全資附屬公司新鴻基証券有限公司 (「新鴻基証券」) 3,000,000美元的資金 (或等值資產)。據此，新鴻基証券於中國長州電力發展有限公司之股份 (「股份」) (價值3,000,000美元) 其後已被凍結。新鴻基証券已於一九九八年出售該等股份。根據二零零一年之另一份協議，新鴻基証券已就任何潛在責任取得免責保證及豁免權。新鴻基將進一步調查，但在目前情況下並不認為適宜作出任何撥備。待完成調查工作後，將作出最後決定。

22. 資本承擔

		At 30th June, 2006 於二零零六年 六月三十日 HK\$'000 千港元	At 31st December, 2005 於二零零五年 十二月三十一日 HK\$'000 千港元
Capital expenditure contracted for but not provided for in the financial statements	已簽約但未於財務報表中作準備之資本開支	2,867	29,952
Capital expenditure authorised but not contracted for	已獲授權但未簽約之資本開支	2,283	2,259

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23. OPERATING LEASE ARRANGEMENTS

At 30th June, 2006, the Group had outstanding minimum lease payments under non-cancellable operating leases, which fall due as follows:

		At 30th June, 2006		At 31st December, 2005	
		Land and buildings	Others	Land and buildings	Others
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Within one year	於一年內	17,726	5,991	14,477	406
In the second to fifth years inclusive	於第二至第五年 (包括首尾兩年)	11,740	716	14,463	-
		29,466	6,707	28,940	406

Operating leases are negotiated for terms ranging from one to three years.

營業租約之年期經議定為一至三年。

24. PLEDGE OF ASSETS

At 30th June, 2006, certain of the Group's investment properties, hotel property, land and buildings, prepaid land lease payments and properties held for sale with an aggregate carrying value of HK\$3,781,706,000 (at 31st December, 2005: HK\$3,699,422,000), listed investments belonging to the Group and margin clients with carrying value of HK\$1,378,229,000 (at 31st December, 2005: HK\$1,387,659,000) together with certain securities in respect of a listed subsidiary with a cost of HK\$902,933,000 (at 31st December, 2005: HK\$902,933,000) were pledged to secure loans and general banking facilities to the extent of HK\$3,056,665,000 (at 31st December, 2005: HK\$3,098,756,000) granted to the Group. Facilities amounting to HK\$1,709,369,000 (at 31st December, 2005: HK\$1,792,881,000) were utilised at 30th June, 2006.

At 30th June, 2006, a bank deposit of HK\$1,000,000 (at 31st December, 2005: HK\$972,000) was pledged to secure a bank guarantee amounting to HK\$2,000,000 (at 31st December, 2005: HK\$2,000,000).

24. 資產抵押

於二零零六年六月三十日，本集團若干投資物業、酒店物業、土地及樓宇、預繳地價及待出售物業賬面總值為3,781,706,000港元(於二零零五年十二月三十一日：3,699,422,000港元)、屬於本集團及孖展客戶之上市投資賬面價值為1,378,229,000港元(於二零零五年十二月三十一日：1,387,659,000港元)，以及關於一間上市附屬公司之若干證券成本值902,933,000港元(於二零零五年十二月三十一日：902,933,000港元)已就授予本集團最多3,056,665,000港元(於二零零五年十二月三十一日：3,098,756,000港元)之貸款及一般銀行信貸作出抵押。於二零零六年六月三十日，已提用之信貸額為1,709,369,000港元(於二零零五年十二月三十一日：1,792,881,000港元)。

於二零零六年六月三十日，1,000,000港元的銀行存款(於二零零五年十二月三十一日：972,000港元)已就2,000,000港元的銀行擔保作出抵押(於二零零五年十二月三十一日：2,000,000港元)。

25. EVENTS AFTER THE BALANCE SHEET DATE

(a) The Group entered into an option agreement with CLSA Capital Limited ("CLSA") on 3rd April, 2006 and a supplemental letter with CLSA on 18th May, 2006 for the conditional grant of an option by CLSA to the Group at a consideration of HK\$11,101,000. The option entitles the Group to require CLSA:

- to sell 34,156,666 shares in Quality HealthCare Asia Limited ("QHA") at an aggregate exercise price of HK\$99,908,000, and

25. 結算日以後之事項

(a) 本集團於二零零六年四月三日與CLSA Capital Limited(「CLSA」)訂立一份認購權協議及於二零零六年五月十八日訂立補充函件，以代價11,101,000港元換取CLSA有條件授予本集團一項認購權，認購權賦予本集團權利要求CLSA：

- 以總行使價99,908,000港元出售34,156,666股卓健亞洲有限公司(「卓健」)股份，及

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25. EVENTS AFTER THE BALANCE SHEET DATE (CONT'D)

(a) (Cont'd)

- to exercise warrants leading to the subscription of 7,056,232 shares in QHA upon the Group paying the subscription price of HK\$2.46 per share and then to transfer to the Group the resultant QHA shares.

Details of the transaction were contained in a circular to the shareholders of the Company dated 29th June, 2006. This conditional grant of the option was completed on 21st July, 2006.

- (b) As announced in the joint announcements of Allied Group Limited ("Allied Group"), the Company and Sung Hung Kai on 17th and 18th May, 2006, 169,000,000 new shares (first placing and subscription) and 79,000,000 new shares (second placing and subscription) of Sun Hung Kai would be subscribed by AP Emerald Limited, a wholly-owned subsidiary of the Company, at net proceeds of approximately HK\$1,685,500,000. Details of the transactions were contained in the circulars to the shareholders dated 8th June, 2006 and 14th July, 2006.

The subscription of 248,000,000 new shares of Sun Hung Kai at the subscription price of HK\$7.00 per share was completed on 10th August, 2006.

- (c) On 13th June, 2006, the Group entered into an agreement with Allied Group and AG Capital Holding Limited (a wholly-owned subsidiary of Allied Group) for the purchase of the entire issued share capital of UAF Holdings Limited ("UAF Holdings") and the assignment of shareholder's loan advanced to UAF Holdings of HK\$39,590,000. Details of the transaction were contained in a circular to the shareholders of the Company dated 30th June, 2006.

The transaction was completed on 24th August, 2006. The aggregate consideration of HK\$4,328,000,000 is settled as follows:

- HK\$628,000,000 in cash on completion,
- HK\$900,000,000 to be paid at any time on or before 31st December, 2006 bearing interest at 1% above Hong Kong Interbank Offered Rate ("HIBOR") per annum, and
- three year bonds with a principal amount of HK\$2,800,000,000 (bearing interest at the rate of 1% above HIBOR per annum).

Upon the completion of the transaction, the management is in the process to carry out valuation on the UAF Holdings' identifiable net assets to determine the goodwill arising from the transaction.

截至二零零六年六月三十日止六個月

25. 結算日以後之事項 (續)

(a) (續)

- 待本集團支付認購價每股2.46港元後，行使認股權證以認購7,056,232股卓健股份，隨後轉讓因而取得之卓健股份予本集團。

交易詳情載於本公司於二零零六年六月二十九日寄發予其股東之通函內。有條件授予認購權於二零零六年七月二十一日完成。

- (b) 按聯合集團有限公司(「聯合集團」)、本公司及新鴻基於二零零六年五月十七日及十八日發表之聯合公佈，本公司之全資附屬公司AP Emerald Limited將認購169,000,000股(第一次配售及認購)及79,000,000股(第二次配售及認購)新鴻基新股，所得款項淨額約為1,685,500,000港元。交易詳情載於二零零六年六月八日及二零零六年七月十四日寄發予股東之通函內。

以每股7.00港元之認購價認購248,000,000股新鴻基新股已於二零零六年八月十日完成。

- (c) 本集團於二零零六年六月十三日與聯合集團及AG Capital Holding Limited(聯合集團之全資附屬公司)訂立協議，以收購UAF Holdings Limited(「UAF Holdings」)全部已發行股本及獲轉讓UAF Holdings獲墊予之股東貸款39,590,000港元。交易詳情載於二零零六年六月三十日寄發予股東之通函內。

交易已於二零零六年八月二十四日完成。總代價4,328,000,000港元以下列方式支付：

- 628,000,000港元在完成時以現金支付，
- 900,000,000港元將於二零零六年十二月三十一日或以前隨時支付，並按香港銀行同業拆借利率(「港元同業拆息」)加1厘之年利率計算利息，及
- 本金額2,800,000,000港元之三年期債券(按港元同業拆息加1厘之年利率計算利息)。

交易完成後，管理層正評估UAF Holdings之可識別淨資產價值以釐定交易所產生之商譽。

for the six months ended 30th June, 2006

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26. MATURITY PROFILE OF TERM ASSETS AND LIABILITIES**26. 有期資產與負債到期分析**

The following table lists the assets and liabilities of the Group which have a term of maturity. Overdue assets are included as on demand.

以下載列本集團訂有期滿日之資產與負債。過期未付資產撥入須即時償還類資產。

		At 30th June, 2006 於二零零六年六月三十日					
		On demand	Within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total
		即時償還	三個月內	三個月至一年	一年至五年	五年後	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Assets	資產						
Fixed deposits with banks	銀行定期存款	-	1,310,589	-	-	-	1,310,589
Loan note of a listed associate	一間上市聯營公司 貸款票據	-	-	-	78,000	-	78,000
Treasury bills	國庫券	-	7,676	-	-	-	7,676
Term loans	有期貸款	127,196	43,200	169,156	-	-	339,552
Liabilities	負債						
Bank loans and overdrafts	銀行借貸及透支	-	660,689	719,033	405,127	9,520	1,794,369
Loan notes	貸款票據	-	-	-	65,437	-	65,437
		At 31st December, 2005 於二零零五年十二月三十一日					
		On demand	Within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total
		即時償還	三個月內	三個月至一年	一年至五年	五年後	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Assets	資產						
Fixed deposits with banks	銀行定期存款	-	110,902	-	-	-	110,902
Term loan of a listed associate	一間上市聯營公司 有期貸款	-	245,000	-	-	-	245,000
Loan note of a listed associate	一間上市聯營公司 貸款票據	-	-	-	78,000	-	78,000
Treasury bills	國庫券	-	7,680	-	-	-	7,680
Term loans	有期貸款	148,299	66,200	5,667	-	-	220,166
Liabilities	負債						
Bank loans and overdrafts	銀行借貸及透支	-	554,910	395,323	818,153	57,610	1,825,996
Loan notes	貸款票據	-	-	-	64,252	-	64,252

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group has established policies and procedures for risk management which are reviewed regularly by the management and the credit & risks management committee ("CRM"), which reports to the executive committee of the relevant group company, to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times. The internal audit and compliance department ("IAC") (which reports independently to the relevant chairman and the audit committee) also performs regular reviews to supplement the various internal control measures adopted by the management and various divisions within the Group, to ensure compliance with policies and procedures.

Market risk*(i) Trading Risk*

Market risk arises from trading activities, including market-making and proprietary trading. Trading activities across the Group are subject to limits approved by management. The Group's trading risk control unit ("TRCU") of the concerned group company independently monitors and reports the positions, risks and profit and loss of its proprietary trading activities involving derivatives, foreign exchange and bullion. In addition to the TRCU, part of the Group's proprietary trading exposure is closely monitored by the credit department. Proprietary trading exposures are measured on both a "mark-to-market" and a "mark-to-fair" basis, and "maximum loss" and "position" limits are used. Value at Risk ("VaR") and stress-tests are also used in the assessment of risk. These are approaches that assist in the quantification of risk by combining the size of a position and the extent of a potential market movement into a potential impact on profit and loss.

The Group's various proprietary trading positions and profit and loss are reported daily to senior management for review. The IAC also performs audits to supplement the above controls to ensure compliance with the established market risk limits and guidelines.

(ii) Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from movements of foreign exchange rates.

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27. 金融風險管理目標及政策

本集團之業務使其面臨多種金融風險：市場風險、信貸風險、流動資金風險及利率風險。本集團之整體風險管理計劃專注於金融市場之不可預見性及尋求盡量減低對本集團之財務表現產生之潛在不利影響。

本集團已建立風險管理之政策及程序，該等政策及程序由管理層及信貸及風險管理委員會（「信貸及風險管理委員會」）定期按時，並向有關集團公司之執行委員會報告，以確保適當監控及控制本集團於業務不時產生之所有重大風險。內部審核及合規部（「內部審核及合規部」，其獨立地分別向有關主席及審核委員會報告）亦定期審核以補充由管理層及本集團內多個部門採納之各種內部控制措施，以確保符合政策及程序。

市場風險*(i) 交易風險*

交易活動產生之市場風險，包括市場莊家活動及坐盤交易。涉及本集團上下之交易活動受管理層批准之限額所規限。本集團下相關集團公司之交易風險控制單位（「交易風險控制單位」）獨立地監控及報告與衍生工具、外匯交易及黃金有關之坐盤交易活動之持倉量、風險及盈虧。除交易風險控制單位外，本集團部份坐盤交易風險由信貸部嚴格監控。坐盤交易風險以「按市價計算」及「按公平價值計算」兩種方式為基準計量，以及採用「最大虧損」及「倉盤」限制。風險值（「風險值」）及壓力測試亦用於風險評估。該些為透過合併倉盤之規模及潛在市場變動對損益賬之潛在影響之程度而參與量化風險之方法。

本集團之多種坐盤交易倉盤及損益每日向高級管理層彙報，以供審閱。內部審核及合規部亦執行審核補充上述控制，以確保符合固有市場風險限制及指引。

(ii) 外匯風險

外匯風險乃外幣率變動對盈利或資本造成之風險。

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

27. 金融風險管理目標及政策 (續)

Market risk (Cont'd)

(ii) Foreign Exchange Risk (Cont'd)

The Group's foreign exchange risk primarily arises from currency exposures originating from its leveraged foreign exchange business or purchases of foreign securities on behalf of clients. Foreign exchange risk is managed and monitored by the relevant department under the limits approved by the management. In relation to our leveraged foreign exchange activity, our position is that of a market-maker, and accordingly our risk is our open currency positions which are subject to management approved limits and are monitored and reported daily. The other possible risk is primarily a derivative foreign exchange risk for a client who does not or cannot meet margin calls following any period of substantial currency turbulence. Our principal lending operations are carried out in local currency to obviate foreign exchange risk. Accordingly, the Group has no significant exposure to foreign exchange fluctuations on loan assets.

Credit risk

Credit risk arises from a number of areas. These include the possibility that a customer or counter-party in a transaction may default during the settlement process. It also arises from lending, settlement, treasury, market-making, derivatives, proprietary trading, rental business and hotel operation and other activities undertaken by the Group.

The Group's credit manual sets out in detail the credit approval and monitoring procedures, which are established in accordance with sound business practices, the requirements and provisions of the relevant ordinances, and where applicable, the codes or guidelines issued by the Securities and Futures Commission.

Day-to-day credit management is performed by the credit department with reference to the aforementioned criteria including creditworthiness, collateral pledged, and risk concentration of the counter-parties. Decisions made daily by the credit department are reported to and reviewed by the senior management of the Group and by the CRM at its regular meetings.

Liquidity risk

The Group manages its liquidity position to ensure the Group maintains a prudent and adequate liquidity ratio, in strict accordance with statutory requirements. This is achieved by the senior management monitoring the liquidity position of the Group on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations and compliance with the statutory requirements such as the Financial Resources Rules applying to various licensed subsidiaries.

市場風險 (續)

(ii) 外匯風險 (續)

集團之外匯風險主要來自其槓桿外匯或代客購買海外證券之業務。外匯風險由有關部門按管理層所批准之限額作出管理及監察。就槓桿外匯業務而言，由於集團乃擔任莊家之位置，因此，外幣未平倉合約（須受由管理層審批之限額限制，並須每日受其監控及向其匯報）會存在外匯風險。另外，倘客戶在經歷重大匯率波動後未能或無法填補保證金額，亦可能對集團造成衍生外匯風險。集團主要之貸款業務仍以本地貨幣進行，以減低外匯風險，故此，集團之貸款資產並無承受重大外匯風險。

信貸風險

信貸風險產生於多個方面。包括於交易中客戶或訂約方可能於清償過程中不能按期付款。其亦產生於借貸、清償、庫務、莊家、衍生工具、坐盤交易、租賃業務及酒店經營及其他由本集團承擔之業務。

本集團之風險手冊詳細載明信貸批准及監控程序，該些程序乃根據可靠業務實務、相關法例之要求及規定及（倘適合）由證券及期貨事務監察委員會發佈之守則或指引而建立。

日常信貸管理由信貸部經參考上述標準包括訂約方資信度、已抵押之抵押品及風險集中程度進行。由信貸部每日進行之決策由本集團高級管理層及由信貸及風險管理委員會在其常規會議上報告及審核。

流動資金風險

本集團管理其流動資金狀況，以確保本集團維持審慎及合適流動資金比率，嚴格遵照法定要求。這由高級管理層以日常基準監控本集團之流動資金狀況達致，以確保足夠流動資金可用以符合所有責任及符合法定要求，例如適用於多種持牌附屬公司之財務資源規則。

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**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONT'D)****27. 金融風險管理目標及政策(續)****Interest rate risk**

Interest rate risk primarily results from timing differences in the re-pricing of interest bearing assets, liabilities and commitments. The Group's interest rate risk exposure arises mainly from margin financing and other lending activities undertaken. The Group has the legal capacity to quickly recall such loans or re-price its margin loans to an appropriate level. Its interest-sensitive positions can readily be identified. Interest rates paid by the Group are managed by the finance department with the aim of maximising the spread of interest consistent with liquidity and funding obligations. Most of the Group's bank borrowings are subject to floating interest rates.

The exposure of the Group's material fixed-rate assets and liabilities to fair value interest rate risk and their contractual maturity dates are as follows:

利率風險

利率風險主要由就附有利息之資產、負債及承擔重新定價之時差所引起。本集團的利率風險主要來自證券放款及其他貸款業務。本集團有法律能力要求借款人即時償還貸款，或重訂證券放款之息率至適當水平。集團亦可容易地確定其在提供貸款時所承受之利率風險水平。集團所支付之利率乃由財務部管理，以盡量令息差符合資金之流動性及需求。本集團之大部份銀行借款受浮動利息所規限。

本集團之重大定息資產及負債之公平價值利率風險及其合約到期日期如下：

		Interest rates per annum 年利率	In first year 第一年內 HK\$'000 千港元	In second year 第二年內 HK\$'000 千港元	In third year 第三年內 HK\$'000 千港元	In fourth year 第四年內 HK\$'000 千港元	In fifth year 第五年內 HK\$'000 千港元	More than 5 years 超過五年 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 30th June, 2006	於二零零六年六月三十日								
Fixed deposits	固定存款	3.00% to 5.38%	1,310,589	-	-	-	-	-	1,310,589
Treasury bills	國庫券	4.64%	7,676	-	-	-	-	-	7,676
Loan note due from a listed associate	應收一間上市聯營公司之貸款票據	2.50%	-	-	78,000	-	-	-	78,000
Bank loans	銀行借貸	4.93% to 6.41%	(288,534)	-	-	-	-	-	(288,534)
Loan notes (note)	貸款票據 (附註)	7.90%	-	(65,437)	-	-	-	-	(65,437)
At 31st December, 2005	於二零零五年十二月三十一日								
Fixed deposits	固定存款	0.28% to 7.25%	110,902	-	-	-	-	-	110,902
Treasury bills	國庫券	3.78%	7,680	-	-	-	-	-	7,680
Loan note due from a listed associate	應收一間上市聯營公司之貸款票據	2.50%	-	-	78,000	-	-	-	78,000
Bank loans	銀行貸款	4.85% to 5.35%	(255,000)	-	-	-	-	-	(255,000)
Loan notes (note)	貸款票據 (附註)	7.90%	-	-	(64,252)	-	-	-	(64,252)

Note: The coupon rate of the loan notes is 4.00% per annum. The interest rate disclosed in the table above represents the effective interest rate applied in calculating the corresponding amortised cost of the loan notes.

附註：貸款票據之票據年利率為4.00%。上表所列之利率為在計算貸款票據攤銷成本時所採用之實際年利率。

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**27. 金融風險管理目標及政策 (續)****Interest rate risk (Cont'd)**

The exposure of the Group's material floating rate assets and liabilities to cash flow interest rate risk and their contractual maturity dates are as follows:

利率風險 (續)

本集團之重大浮息資產及負債之現金流量利率風險及其合約到期日期如下：

		Interest rates per annum 年利率	In first year 第一年內 HK\$'000 千港元	In second year 第二年內 HK\$'000 千港元	In third year 第三年內 HK\$'000 千港元	In fourth year 第四年內 HK\$'000 千港元	In fifth year 第五年內 HK\$'000 千港元	More than 5 years 超過五年 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 30th June, 2006	於二零零六年六月三十日								
Secured margin loans	有抵押證券放款	5.75% to 23.14%	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	1,344,186
Term loans	有期貨款	7.44% to 26.82%	251,022	-	-	-	-	-	251,022
Bank overdrafts	銀行透支	4.40% to 8.25%	(49,970)	-	-	-	-	-	(49,970)
Bank loans	銀行借貸	5.06% to 7.07%	<u>(1,041,218)</u>	<u>(162,508)</u>	<u>(84,854)</u>	<u>(87,385)</u>	<u>(70,380)</u>	<u>(9,520)</u>	<u>(1,455,865)</u>
At 31st December, 2005	於二零零五年十二月三十一日								
Secured margin loans	有抵押證券放款	7.00% to 30.00%	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	1,293,285
Term loans	有期貨款	7.00% to 26.82%	371,909	-	-	-	-	-	371,909
Bank overdrafts	銀行透支	4.85% to 8.50%	(83,040)	-	-	-	-	-	(83,040)
Bank loans	銀行借貸	4.89% to 6.69%	<u>(612,193)</u>	<u>(606,939)</u>	<u>(36,119)</u>	<u>(100,473)</u>	<u>(74,622)</u>	<u>(57,610)</u>	<u>(1,487,956)</u>

28. COMPARATIVE FIGURES**28. 比較數字**

After the preparation of the Group's interim report for the six months ended 30th June, 2005, the Group subsequently amended the prior period adjustments for the adoption of new Hong Kong Financial Reporting Standards issued by the HKICPA that are effective for accounting period beginning on or after 1st January, 2005 in the preparation of the annual report for the year ended 31st December, 2005.

於編製本集團截至二零零五年六月三十日止六個月之中期報告後，本集團其後已就採納會計師公會所頒佈並適用於二零零五年一月一日或以後開始之會計期間之新財務報告準則以編製截至二零零五年十二月三十一日止年度之年報而修訂前期調整。

As a result, the Group changed the presentation of certain items in the 2005 annual report from that adopted as at 30th June, 2005.

為此，本集團於二零零五年年報內呈列若干項目之方式有別於二零零五年六月三十日所採納者。

Accordingly, the presentation of the comparative information in respect of the six months ended 30th June, 2005 which appears in these interim financial statements has been changed from the information published in the 2005 interim report.

因此，本中期財務報表所呈列截至二零零五年六月三十日止六個月之比較資料有別於二零零五年中期報告所公佈之資料。

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28. COMPARATIVE FIGURES (CONT'D)

The June 2005 comparative figures of certain items in the income statement have been restated where relevant and to conform to the method of computation of the current period as follows:

28. 比較數字(續)

收益賬內所列二零零五年六月之若干項目之比較數字已予重列(如適用)，以符合本期間之計算方法，茲述如下：

		As reported on 30th June, 2005 按於二零零五年 六月三十日 所呈報 HK\$'000 千港元	Restatement and reclassification 重列及 重新分類 HK\$'000 千港元	As restated 重列 HK\$'000 千港元
Changes in value of properties	物業價值變動	358,385	(969)	357,416
Other operating expenses	其他經營開支	(59,763)	(5,088)	(64,851)
Finance costs	融資成本	(30,427)	(7,606)	(38,033)
Share of results of associates	應佔聯營公司業績	79,972	2,266	82,238
Taxation	稅項	(44,427)	365	(44,062)
Profit for the period	本期間溢利	593,339	(11,032)	582,307
Attributable to	應佔方			
Equity holders of the Company	本公司股東	541,276	(8,451)	532,825
Minority interests	少數股東權益	52,063	(2,581)	49,482
		593,339	(11,032)	582,307
Basic earnings per share (HK\$)	每股基本盈利 (港元)	1.01	(0.02)	0.99

The Board does not recommend the declaration of an interim dividend (2005: Nil).

Financial Review

RESULTS

The profit attributable to the equity holders of the Company for the period was approximately HK\$498.3 million (2005: HK\$532.8 million, as restated). Earnings per share amounted to HK\$0.93 (2005: HK\$0.99, as restated).

Revenue for the period increased by 94.1% to HK\$1,061.3 million (2005: HK\$546.8 million). The increase was mainly due to the increase in the commission income of the securities broking and dealing activities of Sun Hung Kai as retail broking activities continued to benefit from the buoyant market in the first half year of 2006. The gain in value of the investment property portfolio of the Group was HK\$113.7 million (2005: HK\$327.6 million, as restated). During the period, the Group announced a two part placing and top-up subscription of 248,000,000 shares of Sun Hung Kai at HK\$7.0 per share. The 1st placing, representing 169,000,000 shares of Sun Hung Kai, was completed in May 2006 while the 2nd placing of 79,000,000 shares of Sun Hung Kai and the subscription of 248,000,000 new shares of Sun Hung Kai were completed in August 2006. A profit on the deemed disposal of partial interest in Sun Hung Kai arising from the placing and top-up subscription, amounting to HK\$216.5 million, was recognised on a proportional basis. A listed associate of the Group, Tian An China Investments Company Limited ("Tian An"), also undertook similar placing to a number of institutional investors and top-up subscription during the period under review. A loss on the deemed disposal of a partial interest in the listed associate amounting to HK\$13.0 million was consequently recognised. The exercise of warrants of Tian An by Wachovia Investment Holdings, LLC ("Wachovia") also resulted in a loss on deemed disposal of HK\$67.9 million.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

The Group is principally financed by cash inflow from operating activities and banking facilities granted by the banks. The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

There was no material change to the issued share capital of the Company during the period.

A bonus issue of warrants on the basis of one warrant for every five shares held was proposed by the Board on 12th April, 2006. The condition of the issue of the bonus warrants was fulfilled on 29th May, 2006 and 107,430,380 warrants were issued on 5th June, 2006.

The warrant holders are entitled to subscribe in cash for one fully paid share at an initial subscription price of HK\$10 per share, subject to adjustment, at any time from 7th June, 2006 to 6th June, 2009 (both days inclusive). During the period, there were no conversions of the warrants. 107,430,380 warrants were outstanding at 30th June, 2006.

董事會不建議宣派中期股息(二零零五年:無)。

財務回顧

業績

本期間本公司股東應佔溢利約498.3百萬港元(二零零五年:532.8百萬港元(重列))。每股盈利為0.93港元(二零零五年:0.99港元(重列))。

集團期內收益增長94.1%至1,061.3百萬港元(二零零五年:546.8百萬港元),收益之增長主要是由於零售經紀業務持續受惠於二零零六年上半年活躍的市場環境,以致新鴻基證券經紀及買賣活動之佣金收入上升。本集團投資物業組合增值金額為113.7百萬港元(二零零五年:327.6百萬港元(重列))。期內,本集團宣佈分兩次配售及以先舊後新方式認購248,000,000股新鴻基股份,每股作價7.0港元。涉及169,000,000股新鴻基股份之第一次配售於二零零六年五月完成,而涉及79,000,000股新鴻基股份之第二次配售以及248,000,000股新鴻基新股之認購則於二零零六年八月完成。以配售及先舊後新方式認購產生216.5百萬港元之視作為出售新鴻基部份權益之溢利已採用比例基準確認。本集團一間上市聯營公司天安中國投資有限公司(「天安」)亦於回顧期間向若干機構投資者進行同類之配售及先舊後新方式認購,並因此確認13.0百萬港元之視作為出售該上市聯營公司部份權益之虧損額。Wachovia Investment Holdings, LLC(「Wachovia」)行使天安之認股權證亦導致67.9百萬港元之視作出售虧損。

財務資源、流動資金及股本結構

本集團之資金主要來自經營業務之現金流入額及銀行授出之銀行信貸額。本集團不時檢討本集團之銀行信貸額,新銀行信貸額將獲批授或續期以應付本集團資本承擔、投資及營運之資金需求。

期內本公司之已發行股本並無任何重大變動。

董事會於二零零六年四月十二日建議按每持有五股股份獲發一份認股權證之基準,發行紅利認股權證。發行紅利認股權證之條件已於二零零六年五月二十九日達成,107,430,380份認股權證已於二零零六年六月五日發行。

認股權證持有人有權由二零零六年六月七日起至二零零九年六月六日(包括首尾兩日)期間內任何時間,按初步認購價每股10港元(可予調整)以現金認購一股繳足股款股份。期內,並無認股權證獲轉換。於二零零六年六月三十日,107,430,380份認股權證尚未獲行使。

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE (CONT'D)

At 30th June, 2006, the current ratio (current assets/current liabilities) of the Group was 1.76 times, which increased slightly from the 1.73 times applicable at the end of 2005.

At 30th June, 2006, the Group's net borrowings amounted to HK\$106.5 million (at 31st December, 2005: HK\$1,408.0 million), representing bank borrowings and loan notes of HK\$1,859.8 million (at 31st December, 2005: HK\$1,890.2 million) less bank deposits, bank balances and cash of HK\$1,753.3 million (at 31st December, 2005: HK\$482.2 million) and the Group had equity attributable to equity holders of the Company of HK\$7,792.3 million (at 31st December, 2005: HK\$7,070.5 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to equity holders of the Company was 1.37% (at 31st December, 2005: 19.9%).

財務回顧 (續)**財務資源、流動資金及股本結構 (續)**

於二零零六年六月三十日，本集團之流動比率(流動資產 / 流動負債)由二零零五年年底之1.73倍輕微上升至1.76倍。

於二零零六年六月三十日，本集團之借貸淨額達106.5百萬港元(於二零零五年十二月三十一日：1,408.0百萬港元)，相當於銀行借貸及貸款票據1,859.8百萬港元(於二零零五年十二月三十一日：1,890.2百萬港元)減銀行存款、銀行結存及現金1,753.3百萬港元(於二零零五年十二月三十一日：482.2百萬港元)，本集團之本公司股東應佔權益為7,792.3百萬港元(於二零零五年十二月三十一日：7,070.5百萬港元)。故此，本集團借貸淨額相對本公司股東應佔權益之資本負債比率為1.37%(於二零零五年十二月三十一日：19.9%)。

		At 30th June, 2006 於二零零六年 六月三十日 HK\$'000 千港元	At 31st December, 2005 於二零零五年 十二月三十一日 HK\$'000 千港元
Bank borrowings of the Group are repayable as follows:	本集團之銀行借貸償還期限如下：		
Within one year or on demand	不足一年或即期	1,379,722	950,233
More than one year but not exceeding two years	一年以上但不超過兩年	162,508	606,939
More than two years but not exceeding five years	兩年以上但不超過五年	242,619	211,214
More than five years	五年以上	9,520	57,610
		<u>1,794,369</u>	<u>1,825,996</u>
Loan notes repayable within five years	須於五年內償還之貸款票據	65,437	64,252
		<u>1,859,806</u>	<u>1,890,248</u>

Most of the bank borrowings of the Group are charged at floating interest rates.

本集團大部分銀行借貸以浮動利率計息。

ACQUISITION AND DISPOSAL

There were no material acquisitions or disposals of subsidiaries, associates and jointly controlled entities during the period.

收購及出售事項

期內並無重大收購或出售附屬公司、聯營公司及共同控制企業。

RISK OF FOREIGN EXCHANGE FLUCTUATION

There have been no significant changes in the exposures to foreign exchange risks from those previously outlined in the Company's annual report for 2005.

外匯波動風險

本集團之外匯風險與之前於本公司二零零五年年報內所述狀況並無重大變動。

CONTINGENT LIABILITIES

Details regarding the contingent liabilities are set out in note 21 to the condensed consolidated financial statements on pages 21 and 22.

或然負債

有關或然負債之詳情載於第21及22頁簡明綜合財務報表附註第21項。

LITIGATION

(a) By the Judgment of High Court on 1st April, 2004 ("Judgment") in HCA 3191/1999 between New World Development Company Limited ("NWDC") and Stapleton Developments Limited ("SDL") against SHKS, SHKS was ordered to pay NWDC the sum of HK\$105,534,018.22 together with interest on the principal sum of HK\$80,117,652.72 at judgment rate from 16th December, 1998 until payment, pursuant to the terms of an oral agreement which the Court found. As at 17th June, 2004, the date when the Judgment sum was paid, the Judgment amounted to HK\$150,115,681.54 (being HK\$105,534,018.22 plus interest of HK\$44,581,663.32). SHKS has paid the Judgment amounts. SHKS filed an appeal against the Judgment both as to liability and quantum to the Court of Appeal. That Court of Appeal handed down the judgment ("Court of Appeal Judgment") in which the Court of Appeal ordered a repayment to SHKS of part of the interest element for the period from 16th December, 1998 to 31st March, 2004 previously ordered against SHKS in the Court of First Instance but otherwise broadly confirmed the Judgment. The sum repayable amounted to HK\$14,783,090.86 and has been repaid. SHKS obtained leave to appeal the Court of Appeal Judgment to the Court of Final Appeal ("Final Appeal"). The Final Appeal was heard on 19th, 20th and 21st June, 2006. On 10th July, 2006, the Court of Final Appeal delivered its decision ("Final Appeal Judgment"), dismissing the Final Appeal except to the extent that the principal sum awarded in favour of NWDC should be reduced by HK\$629,448.15. This amount together with interest thereon of HK\$647,991.43 totalling HK\$1,277,439.58 has now been paid to SHKS by NWDC. Pursuant to the Final Appeal Judgment, SHKS was ordered to pay costs of the appeal.

SHKS is seeking legal advice as to the effect of the Final Appeal Judgment on new claims contained in (i) a writ containing an endorsement of claim issued by NWDC in April 2004 ("HCA 813/2004") for the sums of HK\$27,237,489.51 and HK\$7,697,418.42 together with interest on such sums from 1st March, 2000 and 2nd January, 2001 respectively at such rate as the Court considers appropriate, although as at the date of this interim report, the writ in HCA 813/2004 has not been served on SHKS; and (ii) a writ including a statement of claim issued by NWDC and SDL in February 2006 ("HCA 376/2006") for what are asserted to be amounts advanced by NWDC on behalf of SHKS as pro-rata contributions to shareholders' loans. The sum of HK\$37,498,011.41, being the aggregate of the contributions claimed from SHKS, together with interest thereon at such rate and for such period as the Court considers appropriate is claimed in HCA 376/2006, although as at the date of this interim report that writ has not been served on SHKS. The management has taken the view that it is prudent to now make a provision for payment of those not already provided for in previous years. Accordingly, further provisions of HK\$34,932,171.94 for principal and approximately HK\$9,294,000 for interest have been made and the principal amounts added to the loans already existing.

訴訟

(a) 根據高等法院於二零零四年四月一日就新世界發展有限公司(「新世界發展」)與Stapleton Developments Limited(「SDL」)向新鴻基證券提出之法律訴訟(高等法院民事訴訟1999年第3191宗)作出之裁決(「裁決」)，新鴻基證券被判令向新世界發展支付總額105,534,018.22港元，連同本金金額80,117,652.72港元由一九九八年十二月十六日至付款日期按裁決息率(根據法院認定之一份口頭協議內訂明之條款)計算之利息。於二零零四年六月十七日(即支付判定金額當日)，判定總額為150,115,681.54港元(即105,534,018.22港元連同利息44,581,663.32港元)。新鴻基證券已支付判定金額，而新鴻基證券已向上訴法庭就裁決之法律責任及索償金額提出上訴。上訴法庭已作出上訴法庭裁決(「上訴法庭裁決」)，判令新鴻基證券可獲償付依照高等法院原有向新鴻基證券作出之裁決由一九九八年十二月十六日至二零零四年三月三十一日期間之部份利息，但對裁決之主要部份維持不變。須償付之金額為14,783,090.86港元，該金額經已償付。新鴻基證券現已獲批准就上訴法院裁決向終審法院提出上訴(「最終上訴」)。最終上訴已於二零零六年六月十九日、二十日及二十一日作出聆訊。於二零零六年七月十日，終審法院作出裁決(「最終上訴裁決」)，駁回最終上訴，惟裁定新世界發展可獲得之本金金額應減少629,448.15港元，新世界發展現已向新鴻基證券支付此筆金額連同利息647,991.43港元，總額為1,277,439.58港元。根據最終上訴裁決，新鴻基證券被判須支付上訴訟費。

新鴻基證券現正就最終上訴裁決對下列文件所載之新索償之影響尋求法律意見：(i)新世界發展於二零零四年四月發出載有申索證明的傳訊令狀(「HCA 813/2004」)，索償金額27,237,489.51港元及7,697,418.42港元連同該等金額分別由二零零零年三月一日及二零零一年一月二日起計之利息(按法院認為適當之利率計算)，儘管於本中期業績報告日期，HCA813/2004之傳訊令狀尚未達新鴻基證券；及(ii)新世界發展及SDL於二零零六年二月就新世界發展宣稱代表新鴻基證券按比例墊付股東貸款之金額發出載有申索陳述書的傳訊令狀(「HCA376/2006」)。HCA376/2006中索償的金額為37,498,011.41港元(即向新鴻基證券索償之出資總額)連同按法院認為適當之利率及期間計算之相關利息。然而，於本中期業績報告日期，該傳訊令狀尚未達新鴻基證券。管理層認為，現時宜審慎就過往年度從未作出撥備之付款作出撥備。因此，已就本金金額34,932,171.94港元及利息約9,294,000港元進一步作出撥備，而本金額已計入現存之貸款中。

LITIGATION (CONT'D)

- (b) Shun Loong Finance Limited and SLHL (together the "Petitioners"), both indirect wholly-owned subsidiaries of Sun Hung Kai, filed a winding-up petition on 19th February, 2004 in the British Virgin Islands ("B.V.I.") seeking an order that SFHL be wound up by reason of its failure to pay debts owing to the Petitioners. The B.V.I. proceedings were stayed by order of the B.V.I. court. The Petitioners have appealed that decision but have agreed not to pursue the appeal during the stay of 200/2004.
- (c) Sun Hung Kai, STCC and SHKIS filed a writ on 7th February, 2004 (230/2004) naming as defendants Shanghai Land Holdings Limited, Stephen Liu Yiu Keung, Yeo Boon Ann, The Standard Newspapers Publishing Limited and Hong Kong Economic Times Limited and claiming damages for libel, injunctive relief, interest and costs. The case remains at an early stage.
- (d) An update on the litigation between SFHL against STCC and SHKIS (200/2004) is set out in paragraph (b) of the "Contingent Liabilities" in note 21 to the condensed consolidated financial statements on page 22.
- (e) Details of the case regarding Chang Zhou Power Development Company Limited are set out in paragraph (c) of the "Contingent Liabilities" in note 21 to the condensed consolidated financial statements on page 22.

PLEDGE OF ASSETS

Details regarding the pledge of assets are set out in note 24 to the condensed consolidated financial statements on page 23.

訴訟 (續)

- (b) 順隆財務有限公司及順隆集團(統稱為「呈請人」)(同為新鴻基之間接全資附屬公司)在二零零四年二月十九日於英屬處女群島提交一項清盤呈請，由於SFHL未能償還欠負呈請人之債務，故要求判令其清盤。英屬處女群島法院判令暫停辦理英屬處女群島之司法程序。呈請人已就該決定提出上訴，但同意在法院暫停辦理200/2004司法程序期間不提出上訴。
- (c) 新鴻基、新泰昌授信及新鴻基投資於二零零四年二月七日向上海地產控股有限公司、廖耀強、楊文安、英文虎報出版有限公司及香港經濟日報有限公司(作為被告人)發出傳訊令狀(230/2004)，申索誹謗賠償、要求頒佈禁制令，以及索償涉及之利息及費用。此訴訟仍處於初步階段。
- (d) 有關SFHL向新泰昌授信及新鴻基投資提出之訴訟(200/2004)的最新進展，已載於第22頁簡明綜合財務報表附註第21項「或然負債」一節第(b)段。
- (e) 有關長州電力發展有限公司之案件詳情，已載於第22頁簡明綜合財務報表附註第21項「或然負債」一節第(c)段。

資產抵押

有關資產抵押之詳情載於第23頁簡明綜合財務報表附註第24項。

PROPERTIES

Hong Kong

The Group's recurrent income from its investment property portfolio continued to increase, benefiting from the favourable local property market. Allied Cargo Centre, China Online Centre as well as Park Place achieved higher rental income, reflecting the benefits from positive rental reversion. The hotel operating income from Ibis North Point continued to improve with the buoyant Hong Kong tourism industry.

Allied Kajima Limited, 50% indirectly owned by the Group and the owner of various properties including Allied Kajima Building, Novotel Century Hong Kong hotel and the Philippine Plaza Hotel, contributed a profit similar to that of 2005. This is because the Novotel hotel is undertaking an extensive renovation programme of all its rooms which is scheduled to be completed around the middle of next year.

Mainland PRC

Tian An, a listed associate of Sun Hung Kai, recorded a profit attributable to its equity holders of HK\$141.3 million, representing a 94% increase over the corresponding period of last year. Turnover decreased by 13% to HK\$363.2 million. This is in line with Tian An's stated policy of maximising profit margins from development properties, retaining selected properties which have high capital growth potential for recurring income, and disposing of non-core properties or projects. To this end, Tian An disposed of a jointly controlled entity holding a piece of land in Shanghai and the resulting gain was the main reason for the increase in profit for the period.

FINANCIAL SERVICES

Sun Hung Kai, a major listed subsidiary of the Group, recorded a profit attributable to its equity holders of HK\$178.0 million (2005: HK\$192.6 million, as restated). While the profit attributable to its equity holders is lower than that of 2005, it is important to note that the profit from the normal course of business improved significantly to HK\$275.0 million from HK\$130.4 million, an increase of 110.9%.

The decrease in profit attributable to equity holders of Sun Hung Kai was caused by two non-recurring charges. The first was a deemed loss of HK\$80.8 million arising from the requisite accounting treatment of the carrying value of Sun Hung Kai's investment in Tian An arising from the conversion by Wachovia of 78,800,000 warrants in Tian An at a price of HK\$2.75 each and a placement to institutional investors and top-up subscription of 175,000,000 Tian An shares at a price of HK\$5.1 per share. We believe, however, that the consequent cash injection into Tian An has in fact strengthened its balance sheet and its capacity to pursue its development projects and thus enhanced the long term value of the Group's investment in Tian An. The other non-recurring charge to Sun Hung Kai's results arises from an impairment provision of HK\$58.2 million to the carrying value of its interest in the Kuala Lumpur hotel joint venture with NWDC pursuant to the final decision of the Hong Kong Court of Final Appeal. Further details of these provisions or losses are contained in notes 6 and 7 to the condensed consolidated financial statements.

The turnover and commission income of the securities broking division increased substantially with the buoyant market conditions. Fee income associated with underwriting and placement activities also improved for the period. The number of new accounts grew with the significant investor interest in IPOs.

地產

香港

本地房地產市場表現理想，惠及本集團之投資物業組合所產生之經常性收入亦持續上升。聯合貨運中心、中國網絡中心及雅柏苑均錄得租金收入增長，反映市場租金反彈帶來之得益。香港旅遊業持續興旺，世紀軒之酒店經營收入持續改善。

由本集團間接擁有50%權益之Allied Kajima Limited為包括聯合鹿島大廈、世紀香港酒店及Philippine Plaza Hotel等多項物業之擁有者，其所貢獻之溢利水平與二零零五年相若。此乃由於世紀香港酒店正就其房間進行大規模裝修工程，預期約於明年年中完成。

中國內地

天安(新鴻基之上市聯營公司)錄得股東應佔溢利141.3百萬港元，較去年同期增加94%。營業額下跌13%至363.2百萬港元。營業額下跌與天安所述藉發展物業獲取最大利潤、保留高增值潛力之經選定物業賺取經常性收入，以及出售非核心物業或項目之政策一致。為此，天安已出售一間於上海持有一幅土地之共同控制企業，就此所取得之收益為本期間溢利上升之主要原因。

金融服務

本集團之主要上市附屬公司新鴻基錄得其股東應佔溢利為178.0百萬港元(二零零五年：192.6百萬港元(重列))。儘管其股東應佔溢利較二零零五年低，然而，值得注意的是來自日常業務之溢利大幅增長，由130.4百萬港元上升110.9%至275.0百萬港元。

新鴻基股東應佔溢利減少是由於兩項非經常性支出所致。第一項為就新鴻基於天安之投資所須進行之會計處理而產生之視作虧損80.8百萬港元，有關虧損乃因Wachovia按每份認股權證2.75港元之價格轉換其於天安之78,800,000份認股權證，以及以每股5.1港元之價格向機構投資者配售及以先舊後新方式認購175,000,000股天安股份所產生。然而，本集團相信，其後向天安注入之現金已加強其財政狀況及其繼續進行其發展項目之能力，從而提升本集團於天安之投資之長遠價值。而新鴻基業績中的另一項非經常性開支，乃根據香港終審法院之最後判決就其與新世界發展成立之吉隆坡合營酒店公司之權益之賬面值，作出58.2百萬港元之減值撥備所產生。有關該等撥備或虧損之進一步詳情載於簡明綜合財務報表附註第6及第7項。

於市況表現理想，證券經紀部之營業額及佣金收入大幅增加。期內，在包銷和配售活動方面的收入亦見改善。隨著投資者對首次公開招股反應熱烈，使新增賬戶數目有所上升。

FINANCIAL SERVICES (CONT'D)

Precious metals markets were extremely volatile during the period and their respective broking income compensated for the decline in activity experienced by the leveraged forex and commodities operations.

The corporate finance division successfully sponsored two IPOs on the main board and one IPO on the GEM board of the Stock Exchange and was actively involved in a number of underwriting exercises for IPOs. The division will continue to focus on IPO projects for medium-sized enterprises in both Hong Kong and Mainland China and the financial advisory and placing services for listed companies in Hong Kong.

The entire shareholding interest of Allied Group, the listed parent of the Company, in United Asia Finance Limited, comprising the entire issued share capital of UAF Holdings Limited together with the assignment of the related shareholder's loan, has been acquired by Sun Hung Kai for an aggregate consideration of HK\$4,328 million. This transaction was completed on 24th August, 2006. This strategic group reorganisation of Allied Group will rationalise the group structure and consolidate the loan and financial services businesses of Allied Group into Sun Hung Kai, which is expected to achieve ongoing operational economies. It will also enhance Sun Hung Kai's ability to provide a wide range of finance products and other related services.

INVESTMENTS*QHA*

QHA, a listed associate of Sun Hung Kai, reported a turnover of HK\$439.6 million, an increase of 9.1%, compared to HK\$403.0 million for the same period last year. Profit attributable to equity holders of QHA was HK\$31.8 million, an increase of 37%, compared to HK\$23.2 million of the corresponding period. The results were driven by an increase in the number of corporate contracts and enrolment, increased insurance enrolment and improved operational efficiencies.

Sun Hung Kai entered into an option agreement dated 3rd April, 2006 (as amended by a supplemental letter dated 18th May, 2006) with CLSA to acquire an additional 34,156,666 shares and warrants leading to the subscription of 7,056,232 shares of QHA for a consideration of HK\$11.1 million. The exercise price is HK\$2.925 per option share. This reflects the Group's confidence in the growth potential of QHA.

Yu Ming Investments Limited ("Yu Ming")

Yu Ming, a 22.43% owned listed associate of Sun Hung Kai, reported a profit attributable to its shareholders of HK\$21.5 million. This represented a decrease of HK\$166.8 million from HK\$188.3 million of the same period of last year, mainly due to the absence of gain from property revaluations.

業務回顧 (續)**金融服務 (續)**

期內，貴金屬市場異常波動，來自相關經紀佣金之收入抵銷了槓桿外匯與商品營運量減少之影響。

企業融資部成功保薦兩間在聯交所主板和一間在創業板首次公開招股之公司，並積極參與了多宗首次公開招股之包銷安排。該部門將繼續著眼於中港兩地中型企業之首次公開招股項目，以及為香港上市公司提供財務顧問及配售服務。

聯合集團，本公司之上市母公司，於亞洲聯合財務有限公司之全部持股權益(包括UAF Holdings Limited之全部已發行股本)以及轉讓相關股東貸款，經已由新鴻基以總代價4,328百萬港元收購。上述交易已於二零零六年八月二十四日完成。是項策略性重組將可合理化聯合集團之集團架構，並可將聯合集團之貸款及金融服務之業務併入新鴻基旗下，預期此舉將可取得持續之營運經濟效益，並可提升新鴻基提供多元化金融產品及其他相關服務之能力。

投資*卓健*

卓健(新鴻基之上市聯營公司)錄得439.6百萬港元之營業額，較去年同期之403.0百萬港元增長9.1%。卓健股東應佔溢利為31.8百萬港元，亦較去年同期之23.2百萬港元增長37%。業績主要由公司合約和參加客戶增加、保險投保增加和營運效率改善所帶動。

於二零零六年四月三日，新鴻基與CLSA訂立一份認購權協議(經二零零六年五月十八日訂立之補充函件所修訂)，以代價11.1百萬港元增購34,156,666股股份，及可藉以認購7,056,232股卓健股份之認股權證。每股認購權股份之行使價為2.925港元。此舉反映本集團對卓健之增長潛力充滿信心。

禹銘投資有限公司 ("禹銘")

新鴻基擁有22.43%權益之上市聯營公司禹銘錄得其股東應佔溢利21.5百萬港元，較去年同期之188.3百萬港元減少166.8百萬港元，主要由於並無物業重估收益入賬。

INVESTMENTS (CONT'D)*Yu Ming Investments Limited ("Yu Ming") (Cont'd)*

As at 30th June, 2006, the major investments of Yu Ming were in AsiaWorld-Expo, Argyle Centre (retail shops in Mongkok), Timeplus (the new shopping mall in Causeway Bay), Ginza Plaza (retail shops in Mongkok), Grand China Air Co., Ltd. (the investment holding company in CR Airways and Hainan Airlines), Oriental Cashmere Limited (a cashmere manufacturer in the PRC), high-yield bonds and equity securities.

Shanghai Allied Cement Limited ("SAC")

SAC, a listed subsidiary of Tian An, reported a loss attributable to its shareholders of HK\$1.3 million. The turnover of, and the contribution from, its cement business and slag powder business, showed marked improvement when compared to the corresponding period of previous year. Barring unforeseen circumstances, it is expected that SAC should report an improved performance for the full year.

EMPLOYEES

The total number of staff of the Group at 30th June, 2006 was 1,605 (at 31st December, 2005: 1,662). The Group reviews remuneration packages from time to time and normally annually. Besides salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

MANAGEMENT OF RISKS

The management of risks in respect of the Group's finance business is primarily conducted by Sun Hung Kai. There has been no material change in the nature of Sun Hung Kai group's exposures, policies and practices in managing its risks to those which were reported in the Company's annual report for 2005.

Business Outlook

The global economy is generally positive in spite of the increasing concerns about fluctuating oil prices and unsettled political disputes in the Middle-East. It is expected that the recent adjustment and control policies imposed by the Mainland Government will see some consequential adjustment in the China real estate market in the coming year. In the longer term, Mainland China's economic performance remains promising and continues to have a positive effect on the local economy.

The Board believes that the Group's financial services and property investment and development businesses both in Hong Kong and Mainland China are sound and the Board will strive to develop and improve these underlying businesses for the benefit of all shareholders.

投資 (續)*禹銘投資有限公司 (「禹銘」) (續)*

於二零零六年六月三十日，禹銘之主要投資項目為亞洲國際博覽館、旺角中心（於旺角之零售商舖）、Timeplus（於銅鑼灣之新購物商場）、銀城廣場（於旺角之零售商舖）、新華航空控股有限公司（為中富航空及海南航空之投資控股公司）、Oriental Cashmere Limited（中國之羊絨生產商）、高息債券及股本證券。

上海聯合水泥有限公司 (「上聯水泥」)

上聯水泥（天安之上市附屬公司）錄得其股東應佔虧損為1.3百萬港元。對比去年同期，來自水泥業務及礦渣粉業務之營業額及盈利貢獻均有顯著改善。在並無不可預見之情況下，預期上聯水泥之全年表現可錄得改善。

僱員

於二零零六年六月三十日，本集團之員工總人數為1,605名（於二零零五年十二月三十一日：1,662名）。本集團不時檢討薪酬福利，並通常每年檢討一次。除支付薪金外，僱員尚有其他福利，包括僱員公積金供款計劃、醫療津貼及酌定花紅計劃。

風險管理

本集團金融業務之風險管理主要由新鴻基負責。新鴻基集團於管理風險方面之方向、政策及慣例並無重大變動，此等資料已於本公司之二零零五年年報中闡述。

業務展望

儘管受到油價波動及中東政局不穩困擾，環球經濟前景大致良好。預料中國政府近月推出之調控政策將令國內房地產市場來年出現調整。但長遠而言，相信中國內地經濟表現依然出色，並繼續對本港經濟帶來正面影響。

董事會相信本集團於中港兩地之金融服務以及物業投資及發展業務均可取得滿意表現，而董事會將致力發展及改善該等相關業務，為全體股東爭取利益。

Directors' Interests

At 30th June, 2006, Messrs. Patrick Lee Seng Wei, Li Chi Kong and Steven Samuel Zoellner, Directors of the Company, had the following interests in the shares and underlying shares of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept under Section 352 of the SFO:

Name of Director	Name of company	Number of shares and underlying shares held	Approximate % of the relevant issued share capital	Nature of interest
董事姓名	公司名稱	持有之股份及相關股份之數目	佔有關已發行股本之概約百分比	權益性質
Patrick Lee Seng Wei 李成偉	the Company 本公司	324,000 (Note 1) (附註1)	0.06	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)
	Allied Group (Note 2) 聯合集團 (附註2)	550,000 (Note 3) (附註3)	0.21	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)
Li Chi Kong 李志剛	SAC (Note 2) 上聯水泥 (附註2)	600,000 (Note 4) (附註4)	0.08	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)
Steven Samuel Zoellner	Sun Hung Kai (Note 2) 新鴻基 (附註2)	49,200 (Note 5) (附註5)	0.00	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)
	QHA (Note 2) 卓健 (附註2)	102,000 (Note 6) (附註6)	0.05	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)

Notes:

- This represents an interest in 270,000 shares of the Company and an interest in 54,000 units of warrants of the Company giving rise to an interest in 54,000 underlying shares of the Company. The said warrants of the Company (the "2009 Warrants") entitled the holders thereof to subscribe at any time during the period from 7th June, 2006 to 6th June, 2009 (both days inclusive) for fully paid shares of the Company at an initial subscription price of HK\$10 per share (subject to adjustments).
- Allied Group is the ultimate holding company of the Company. Sun Hung Kai is an indirect non wholly-owned subsidiary of the Company, and which has an indirect interest in more than 20% of the issued share capital of QHA. A controlled corporation (within the meaning of Part XV of the SFO) of the Company has a direct interest in more than 20% of the issued share capital of SAC. Therefore, Allied Group, Sun Hung Kai, QHA and SAC are associated corporations of the Company within the meaning of Part XV of the SFO.
- This represents an interest in 550,000 shares of Allied Group.
- This represents an interest in 600,000 share options of SAC giving rise to an interest in 600,000 underlying shares of SAC. The share options were granted on 28th July, 2003 at a consideration of HK\$10 and are exercisable at an exercise price of HK\$0.70 at any time during the period from 28th January, 2004 to 27th July, 2013 (both days inclusive).
- This represents an interest in 49,200 shares of Sun Hung Kai.
- This represents an interest in 102,000 shares of QHA.
- All interests stated above represent long positions.

Save as disclosed above, at 30th June, 2006, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code").

董事權益

於二零零六年六月三十日，根據證券及期貨條例（「證券及期貨條例」）第352條規定所存置之登記冊所載，本公司董事李成偉先生、李志剛先生及Steven Samuel Zoellner先生於本公司及其相聯法團（釋義見證券及期貨條例第XV部）之股份及相關股份中持有以下權益：

Name of Director	Name of company	Number of shares and underlying shares held	Approximate % of the relevant issued share capital	Nature of interest
董事姓名	公司名稱	持有之股份及相關股份之數目	佔有關已發行股本之概約百分比	權益性質
Patrick Lee Seng Wei 李成偉	the Company 本公司	324,000 (Note 1) (附註1)	0.06	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)
	Allied Group (Note 2) 聯合集團 (附註2)	550,000 (Note 3) (附註3)	0.21	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)
Li Chi Kong 李志剛	SAC (Note 2) 上聯水泥 (附註2)	600,000 (Note 4) (附註4)	0.08	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)
Steven Samuel Zoellner	Sun Hung Kai (Note 2) 新鴻基 (附註2)	49,200 (Note 5) (附註5)	0.00	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)
	QHA (Note 2) 卓健 (附註2)	102,000 (Note 6) (附註6)	0.05	Personal interest (held as beneficial owner) 個人權益 (以實益擁有人身份持有)

附註：

- 該股數指於本公司270,000股股份之權益，及於本公司54,000份認股權證之權益而產生之54,000股本公司相關股份之權益。上述本公司認股權證（「二零零九年認股權證」）賦予其持有人權利，可於二零零六年六月七日至二零零九年六月六日（包括首尾兩日）期間內隨時按初步認購價每股股份10港元（可予調整）認購本公司繳足股份。
- 聯合集團乃本公司之最終控股公司。新鴻基為本公司之間接非全資附屬公司，並擁有卓健已發行股本超過20%之間接權益。本公司之一間受控法團（釋義見證券及期貨條例第XV部）直接擁有上聯水泥超過20%已發行股本。因此，聯合集團、新鴻基、卓健及上聯水泥為本公司之相聯法團（釋義見證券及期貨條例第XV部）。
- 該股數指於聯合集團550,000股股份之權益。
- 該股數指於上聯水泥600,000份購股權之權益而產生之上聯水泥600,000股相關股份之權益。該等購股權於二零零三年七月二十八日以代價10港元授出，並可於二零零四年一月二十八日至二零一三年七月二十七日（包括首尾兩日）期間內隨時按行使價0.70港元予以行使。
- 該股數指於新鴻基49,200股股份之權益。
- 該股數指於卓健102,000股股份之權益。
- 上述所有權益均屬好倉。

除以上所披露者外，於二零零六年六月三十日，本公司之各董事及最高行政人員概無於本公司或其任何相聯法團（釋義見證券及期貨條例第XV部）之任何股份、相關股份或債券中持有須記錄於根據證券及期貨條例第352條規定所存置之登記冊內，或根據上市公司董事進行證券交易的標準守則（「標準守則」）須另行知會本公司及聯交所之任何權益或淡倉。

At 30th June, 2006, the following shareholders had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

於二零零六年六月三十日，根據證券及期貨條例第336條規定所存置之登記冊所載，持有本公司股份及相關股份權益之股東如下：

Name of shareholder 股東名稱	Number of shares and underlying shares held 持有之股份及相關股份之數目	Approximate % of the issued share capital 佔已發行股本之概約百分比	Notes 附註
Allied Group 聯合集團	483,048,065	89.92	1
Lee and Lee Trust	483,048,065	89.92	2, 3

Notes:

- The interest includes the holding of: (i) an interest in 167,061,619 shares and 33,412,323 units of 2009 Warrants by Capscore Limited ("CapScore"); (ii) an interest in 4,186,632 shares and 837,324 units of 2009 Warrants by Citiwealth Investment Limited ("Citiwealth"); (iii) an interest in 134,953,783 shares and 26,990,756 units of 2009 Warrants by Sunhill Investments Limited ("Sunhill"); and (iv) an interest in 96,338,025 shares and 19,267,603 units of 2009 Warrants by Allied Group. The 2009 Warrants held by Capscore, Citiwealth, Sunhill and Allied Group giving rise to an interest in an aggregate of 80,508,006 underlying shares. The 2009 Warrants entitled the holders thereof to subscribe at any time during the period from 7th June, 2006 to 6th June, 2009 (both days inclusive) for fully paid shares of the Company at an initial subscription price of HK\$10 per share (subject to adjustments). Capscore, Citiwealth and Sunhill are all wholly-owned subsidiaries of Allied Group. Allied Group was therefore deemed to have an interest in the shares and the underlying shares in which Capscore, Citiwealth and Sunhill were interested.
- This represents the same interest of Allied Group in 402,540,059 shares of the Company and an interest in 80,508,006 units of 2009 Warrants.
- Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together owned approximately 40.72% interest in the issued share capital of Allied Group and were therefore deemed to have an interest in the shares in which Allied Group was interested.
- The interest stated above represents a long position. At 30th June, 2006, no short positions were recorded in the register required to be kept under Section 336 of the SFO.

附註：

- 該權益包括由：(i) Capscore Limited (「CapScore」) 持有之167,061,619股股份及33,412,323份二零零九年認股權證之權益；(ii)開鵬投資有限公司(「開鵬」)持有之4,186,632股股份及837,324份二零零九年認股權證之權益；(iii)陽山投資有限公司(「陽山」)持有之134,953,783股股份及26,990,756份二零零九年認股權證之權益；及(iv)聯合集團持有之96,338,025股股份及19,267,603份二零零九年認股權證之權益。CapScore、開鵬、陽山及聯合集團所持之二零零九年認股權證導致其擁有合共80,508,006股相關股份之權益。二零零九年認股權證賦予持有人權利，可於二零零六年六月七日至二零零九年六月六日(包括首尾兩天)期間內隨時按初步認購價每股股份10港元(可予調整)認購本公司繳足股份。CapScore、開鵬及陽山均為聯合集團之全資附屬公司。因此，聯合集團被視作擁有CapScore、開鵬及陽山所持股份及相關股份之權益。
- 該權益指聯合集團於本公司402,540,059股股份及80,508,006份二零零九年認股權證中所擁有之相同權益。
- 李成輝先生、李淑慧女士及李成煌先生乃全權信託Lee and Lee Trust之信託人。彼等合共於聯合集團已發行股本中擁有約40.72%之權益，因此，彼等被視作擁有聯合集團所持股份之權益。
- 上述權益均為好倉。於二零零六年六月三十日，根據證券及期貨條例第336條規定所存置之登記冊所載，並無淡倉記錄。

Corporate Governance

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2006, the Company has applied the principles of, and complied with, the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 and C.3.3 of the CG Code stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee (the "Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.3 except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to Directors and senior management under the code provision).

企業管治

企業管治常規守則

除下列摘要之部份偏離行為外，本公司截至二零零六年六月三十日止六個月內，已應用及遵守上市規則附錄十四所載企業管治常規守則(「企業管治守則」)之原則及守則條文：

守則條文B.1.3及C.3.3

企業管治守則之守則條文B.1.3及C.3.3規定薪酬委員會及審核委員會在權責範圍方面應最低限度包括相關守則條文所載之該等特定職責。

本公司已採納之薪酬委員會(「薪酬委員會」)之權責範圍乃遵照守則條文B.1.3之規定，惟薪酬委員會僅會就執行董事(不包括高級行政要員)(而非守則條文所述之董事及高級行政要員)之薪酬待遇作出檢討(而非守則條文所述之釐定)，並向董事會提出建議。

CODE ON CORPORATE GOVERNANCE PRACTICES (CONT'D)

Code Provisions B.1.3 and C.3.3 (Cont'd)

The terms of reference of the audit committee (the "Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 except that the Audit Committee (i) should recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the coordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The reasons for the above deviations are set out in the section "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31st December, 2005. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

On 30th December, 2005, Sir Gordon Macwhinnie retired as the Non-Executive Chairman and an Independent Non-Executive Director of the Company. Thereafter, the post of the Chairman has been left vacant as the Board is still seeking a suitable person to act as the Chairman.

The annual review of internal controls in respect of the code provision C.2.1 of the CG Code will be reported upon in the forthcoming corporate governance report to be contained in the Company's annual report for the financial year ending 31st December, 2006.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30th June, 2006.

Audit Committee Review

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30th June, 2006. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Statement of Auditing Standards 700 issued by the HKICPA, and on the interim results announcements of the listed associates, as well as obtaining reports from management. The Audit Committee has not undertaken detailed independent audit checks.

By Order of the Board
Patrick Lee Seng Wei
Chief Executive

Hong Kong, 14th September, 2006

企業管治常規守則 (續)

守則條文B.1.3及C.3.3 (續)

本公司已採納之審核委員會(「審核委員會」)之權責範圍乃遵照守則條文C.3.3之規定，惟審核委員會(i)應就委聘外聘核數師提供非核數服務之政策作出建議(而非守則條文所述之執行)；(ii)僅具備監察(而非守則條文所述之確保)管理層已履行其職責建立有效之內部監控系統之有效能力；及(iii)可推動(而非守則條文所述之確保)內部和外聘核數師之工作得到協調，及檢閱(而非守則條文所述之確保)內部核數功能是否獲得足夠資源運作。

有關上述偏離行為之理由載於本公司截至二零零五年十二月三十一日止財政年度年報之「企業管治報告」一節內。董事會認為薪酬委員會及審核委員會應繼續根據本公司採納之權責範圍運作。董事會將最少每年檢討權責範圍一次，並在有需要時作出適當更改。

於二零零五年十二月三十日，麥蘊利爵士辭去本公司非執行主席及獨立非執行董事職務。此後，由於董事會仍在物色擔任主席之合適人選，故主席一職一直懸空。

就有關企業管治守則之守則條文C.2.1而作出之內部監控年度檢討，將於本公司截至二零零六年十二月三十一日止財政年度之年報中所載之企業管治報告內匯報。

董事進行證券交易之行為守則

本公司已採納上市規則附錄十所載之標準守則，作為其董事進行證券交易之行為守則。經本公司作出特定查詢後，所有董事確認彼等於回顧期內已完全遵守標準守則所定之標準。

購回、出售或贖回證券

本公司或其任何附屬公司概無於截至二零零六年六月三十日止六個月內購回、出售或贖回本公司之任何證券。

審核委員會審閱

審核委員會連同管理層已審閱本集團採納之會計原則及慣例，並就內部監控及財務匯報事項進行商討，包括截至二零零六年六月三十日止六個月之未經審核中期財務報告之一般審閱。審核委員會於進行審閱工作時，已倚賴本集團外聘核數師按照會計師公會頒佈之標準核數準則第700號所作出之審閱結果、上市聯營公司之中期業績公佈以及管理層所提交之報告。審核委員會並無進行詳細之獨立核數審查。

承董事會命
行政總裁
李成偉

香港，二零零六年九月十四日

ALLIED PROPERTIES (H.K.) LIMITED
聯合地產（香港）有限公司
